

BUSINESS WEEK

WHAT HAPPENS TO
Competition
IN MOBILIZATION
EXECUTIVE OPINION, PAGE 42



Lawrence W. Tice of ICS: To get skilled workers, teach them (page 53)

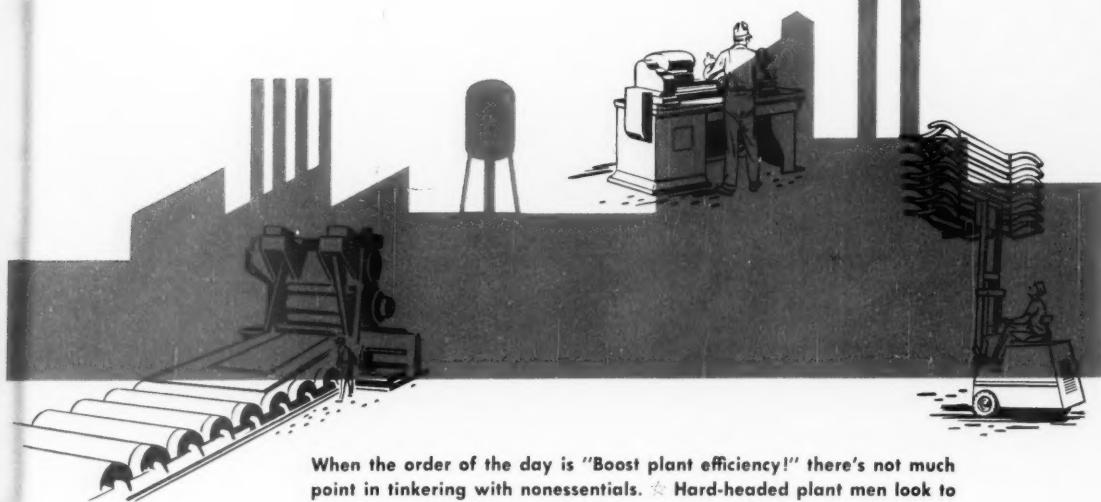
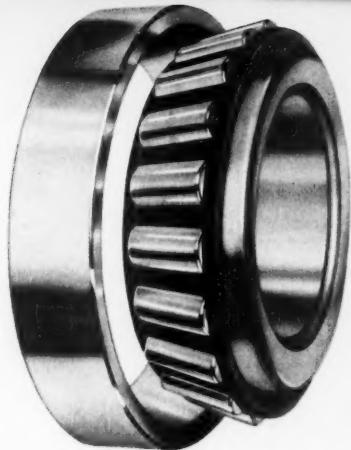
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MAR. 3, 1951

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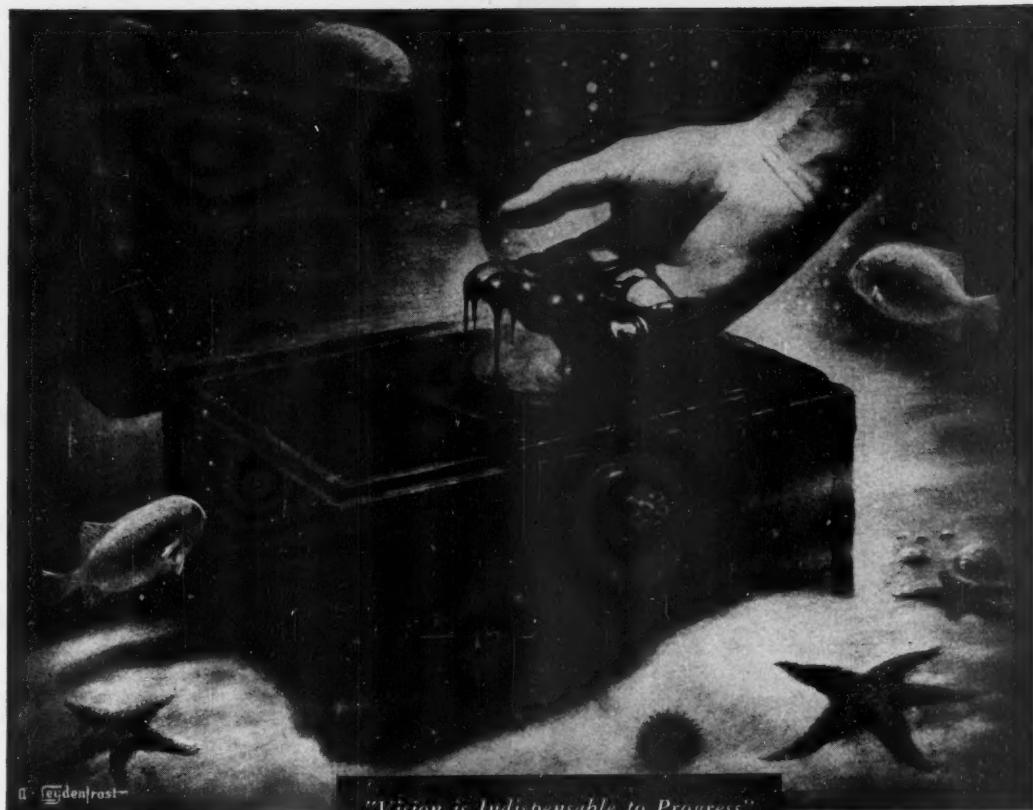


When the order of the day is "Boost plant efficiency!" there's not much point in tinkering with nonessentials. Hard-headed plant men look to basic improvements to get rid of operational bugs. If you manufacture plant equipment, probably you've discovered that one sound way to satisfy this demand is to standardize on Bower Spher-O-Honed bearings. Give your customers what they're after—bearings that will stand up day in and day out with little or no maintenance! Bower's original contributions to bearing design, plus painstaking production control, have reduced bearing maintenance and failure to a practical minimum. Whether you manufacture lift trucks, rolling mill equipment, machine tools—or anything that's bearing-equipped—it will pay you to specify Bower!

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The ghost of Jules Verne would chuckle over this:

Oil—after waiting 500-million years in the geologic traps of the Continental Shelf—is being produced from beneath the coastal waters of America.

For almost twenty years, oil fields were known to be hidden under the ocean depths. Yet it was not until recently that scientific research supplied the tools and the methods to tap the billions of barrels of crude believed to be locked in Davey Jones' Locker.

Today, miles from shore, strange-looking oil well "islands", specially designed to withstand 125-mph hurricane winds and 20-foot waves, are drawing oil from beneath U.S. coastal waters.

The dramatic development of marine drilling, however, is but one example of the oil industry's endless quest for increased knowledge of where oil is and how to extract it to help meet future demand...

Aerial surveys, using advanced equip-

ment to break down formidable geologic and geographic barriers, are charting possible oil deposits in formerly inaccessible swamps and jungles...

Pilot plants are experimenting with methods of squeezing oil from the shale of the western mountains. And, already, industrial research has found how to transform coal into petroleum...

Meanwhile, in the laboratories—where part of the oil industry's \$100,000,000-per-year research program is carried out—scientists are working hard to discover new uses for petroleum.

Today, petroleum is used in making some 1200 products—from lipstick and

linoleum to synthetic rubber and insect sprays. And, tomorrow, oil converted into many new products will help to meet other important needs of the public the oil industry serves.

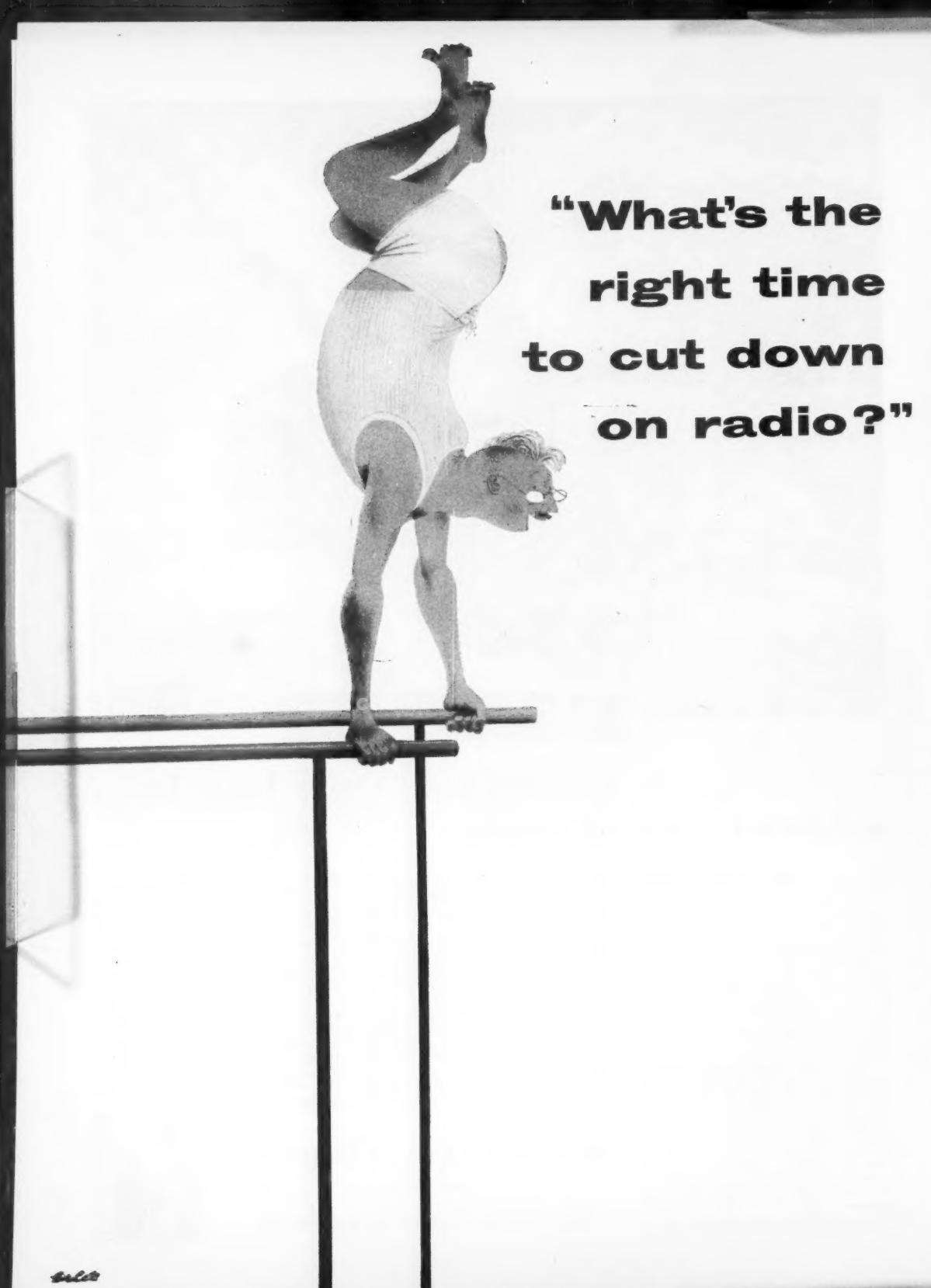
The oil industry's spirit of progress—its atmosphere of enterprise—is typical of all American industry.

It is from our unfettered competitive system that America gains her impulse for progress—progress that has meant a progressively higher standard of living for millions of people... and which, in this time of uncertainty, helps America face with sober confidence the trials which confront all free people.

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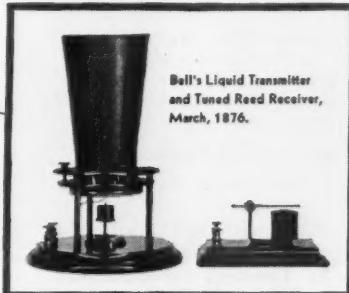
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75th Anniversary of the Birth of the Telephone

1876 * 1951



Suppose the telephone had never been invented

Have you ever thought what the world and your life would be like without the telephone?

If you wanted to talk to relatives or friends — if you wanted to order from a store — if you needed to summon a doctor or a policeman in an emergency — there would be no way you could do it in a hurry. What now

takes only a few seconds or minutes would often take hours and cost you far more than a telephone call.

Each year the telephone becomes more useful to the people and more vital to the prosperity and security of the Nation. Today's tremendous job of production and defense could not be carried on without it.

There are twice as many Bell telephones as there were only ten years ago. They are here and ready because the Bell System kept right on building and improving to meet the country's needs.

Never in the history of the telephone has it been so valuable to so many people as right now.

BELL TELEPHONE SYSTEM



Highlights In This Issue

Easy for a Good Man

• Mobilization is turning out a lot more painless than you might have expected. The U.S., when you think about it, is really a military nation. P. 19

Write Your Own

• Every businessman can now issue his own priorities—for MRO. P. 20

Percentage Markup

• That's what price control now boils down to for retailers. P. 21

What Color Is an Ingot?

• And why are wool tops in Boston? And how do you adjust a demand deposit? A series of articles interpreting key statistics. P. 38

Does Gimbel's Tell Macy's?

• One good reason it doesn't is Victor M. Ratner. P. 96

Want to Borrow at a Profit?

• It's no gag. Under excess profits tax law, Uncle Sam will pay you interest on money you borrow. P. 114

Wage Escalator

• Just how the new flexible pay ceiling works, and why. P. 120

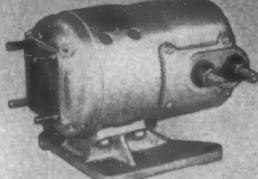
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FRACTIONAL HORSEPOWER MOTORS



NYLON'S STRENGTH IS FITTING ANSWER TO A PRESSING PROBLEM

This picture demonstrates how a dry cleaner can press a garment in a single, quick operation. It's a demonstration, too, of how Du Pont nylon fibers can solve a perplexing problem in designing a new product.

This fabric-pressing form expands into the garment for a tight fit. Then blasts of steam and hot air are shot through it to do the pressing. The problem was to find a fabric cover for the form that was thin enough—yet strong enough to stand up under the repeated stretching and steaming.

Nylon fabric proved to be the answer. Although it is thin and porous, it has plenty of strength to take the stretches

and strains of constant adjusting. And a nylon fabric stands up under the repeated blasts of steam and air.

This example of nylon's performance may point the way for you toward making a better product or increasing production efficiency . . . helping you make a new product. In addition to being strong, nylon is quick-drying . . . tough and durable . . . elastic and resilient. It withstands deterioration by petroleum oils, soil rot, alkalies, mold and mildew. And nylon fabrics can be heat-

set to hold shape.

NEW BOOKLET, "Nylon Textile Fibers in Industry," contains 23 case histories, brings businessmen up to date on nylon's performance in industry. Write for your copy. And tell us your fabric or fiber problems. Address Nylon Division 102, E. I. du Pont de Nemours & Co. (Inc.), Wilmington, Del.



DU PONT NYLON FIBERS

Although demand for nylon still exceeds supply, you may wish to evaluate its possible future applications in your own business. Note: Du Pont makes only the fiber—not the nylon fabric or finished product.

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BUSINESS OUTLOOK

BUSINESS WEEK

MARCH 3, 1951



Business may convert to making arms with no visible disruption simply because it has been so concerned over what might happen.

That's the way we avoided the "8-million unemployed" in 1945-46. Maybe we can accomplish the same thing in reverse in 1950-51.

Anyhow, we have gone a long way without any serious mishaps.

One gauge of the economy is the Federal Reserve Board's index of industrial production. This week the board confirmed the reading of 219 for January—a postwar high and up four points from December.

February was off a trifle, the board figures. But the reason wasn't conversion; it was mainly the railroad "sick strike."

Typical, perhaps, of businessmen's worries is this finding of the monthly survey of the National Assn. of Purchasing Agents:

"Many purchasing executives expect a troublesome gap to develop between the regulated decline of civilian production and the ordered increase of defense output."

These men are close enough to the situation to have no little insight.

And there are economic danger signals visible that, in more normal times, certainly would support them.

Yet the biggest danger now seems to result from overbuying rather than from any production change-over from civilian goods to arms.

Overbuying is prevalent, all the way from factory to consumer.

Manufacturers have been adding to inventory since the Korean affair started as rarely before in history (BW-Feb. 17'51, p10).

Retailers' shelves are overflowing and their warehouses bulging. Some, in fact, talk of stopping buying for want of space to store the stuff.

And the consumer spree is too familiar to need description here.

Normally, this could be expected to result in a slump in store sales and an "inventory recession." Now, however, nothing may happen. And, if a dip should come, it can't be very severe.

Figures can be cited that make store inventories seem frighteningly large. Yet examination will dispel much of the alarm.

Take an extreme case—television. Stores are supposed to be loaded with them. Department store inventories of TV sets at the turn of the year in Chicago were 152.7% above the end of 1949. Yet they were not quite the equivalent of one month's sales.

In Milwaukee, it was even more pointed. Stores had more than twice as many sets on hand as a year earlier—but only 58% of a month's sales.

There is one sign that consumers may have spent till it hurts: They aren't buying all the meat that is being produced even though this is a slack season for slaughtering.

You've seen a lot of stories about a buyers' strike against high meat prices. Chicago packers, however, figure it's a matter of adjusting to price regulations. Consumers hold off, hoping for bargains.

Whatever it is, prices have had the first setback since November.

Price weakness has spread in the last few days from meats into some

BUSINESS OUTLOOK (Continued)

BUSINESS WEEK
MARCH 3, 1951

other farm products—notably grains. Wheat has its own problems. Exporters have oversold, choking ports and railroads into the ports. That puts pressure on present and nearby prices.

Looking further ahead, traders are wary. While serious drought had loomed until a month ago, recent moisture has brought temporary relief. That has led to selling in futures representing new-crop wheat.

Price weakness, notably, hasn't spread to the major raw materials of industry—steel, nonferrous metals, wool, cotton, rubber.

There is some feeling that successes in Korea may slow the schedule for arming. Should that happen, producers fear the cutbacks on civilian goods would leave a slack that arms orders wouldn't take up.

But buying for delivery through March and into April is brisk. Uncertainty, where it appears, concerns May and ensuing months.

Price cuts on consumer goods are few and far between—and, as often as not, don't mean too much.

One such is International Shoe's price cut this week. In effect, the price rise of Jan. 17 is rescinded pending clarification of price orders.

Heavy industries—the ones that have to build armaments—are adding steadily to their work forces.

In January, they employed nearly 6.2-million. That's up slightly more than a million, or about 20%, in a year.

From December to January, they added nearly 30,000 despite a decline of more than 20,000 on the payrolls of electrical equipment makers.

If there has been any measurable "disemployment" in metalworking lines so far, it would seem to be among the radio and TV set makers.

They accounted for the January dip in electrical employment.

At the same time, the Radio-Television Manufacturers Assn. notes that TV set output in January was down to 639,499 sets. That compares with the fourth quarter's monthly average of 811,866 sets.

There's a quick tendency to blame the output slump to sets piling up at the retail level—as they have. But it should also be remembered that retail sales always fall off after Christmas in this and other gift lines.

Industrial production, over-all, has risen only moderately since October. Manufacturing employment, in that period, hasn't risen at all.

Factory employment, in fact, has hung right around 15.7-million.

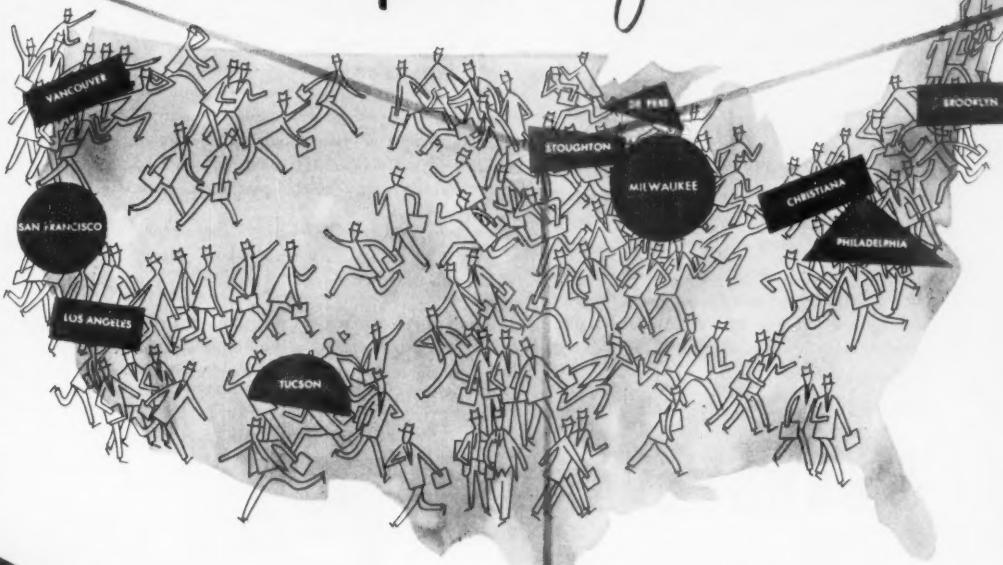
That output should have risen at all seems to be due almost entirely to longer hours (particularly in durable goods). The Bureau of Labor Statistics figures that one extra hour on the factory work week is as good as bringing in about 330,000 extra workers.

Here's a sidelight on the difficulty in getting new workers: The civilian labor force has risen by a scant 100,000 in a year. Thus the armed forces have taken almost as many as have come into the labor force. (The Census Bureau has stopped reporting the number under arms.)

The military take offsets "normal growth" of the labor force, plus most of the "emergency" workers who have taken jobs.

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**SO THAT THE PENNSYLVANIA RAILROAD IS READY TO MEET
ANY DEMAND, ANY EMERGENCY . . .**

WHILE industry makes ready for whatever defense production program the Nation may require, the Pennsylvania Railroad is making ready for any transportation job that industry . . . or the Nation . . . may call on us to do.

Gaining momentum since 1946, the Pennsylvania Railroad's half billion dollar equipment program to insure an adequate car supply, with locomotives and supporting facilities to provide good transportation service, is nearing completion.

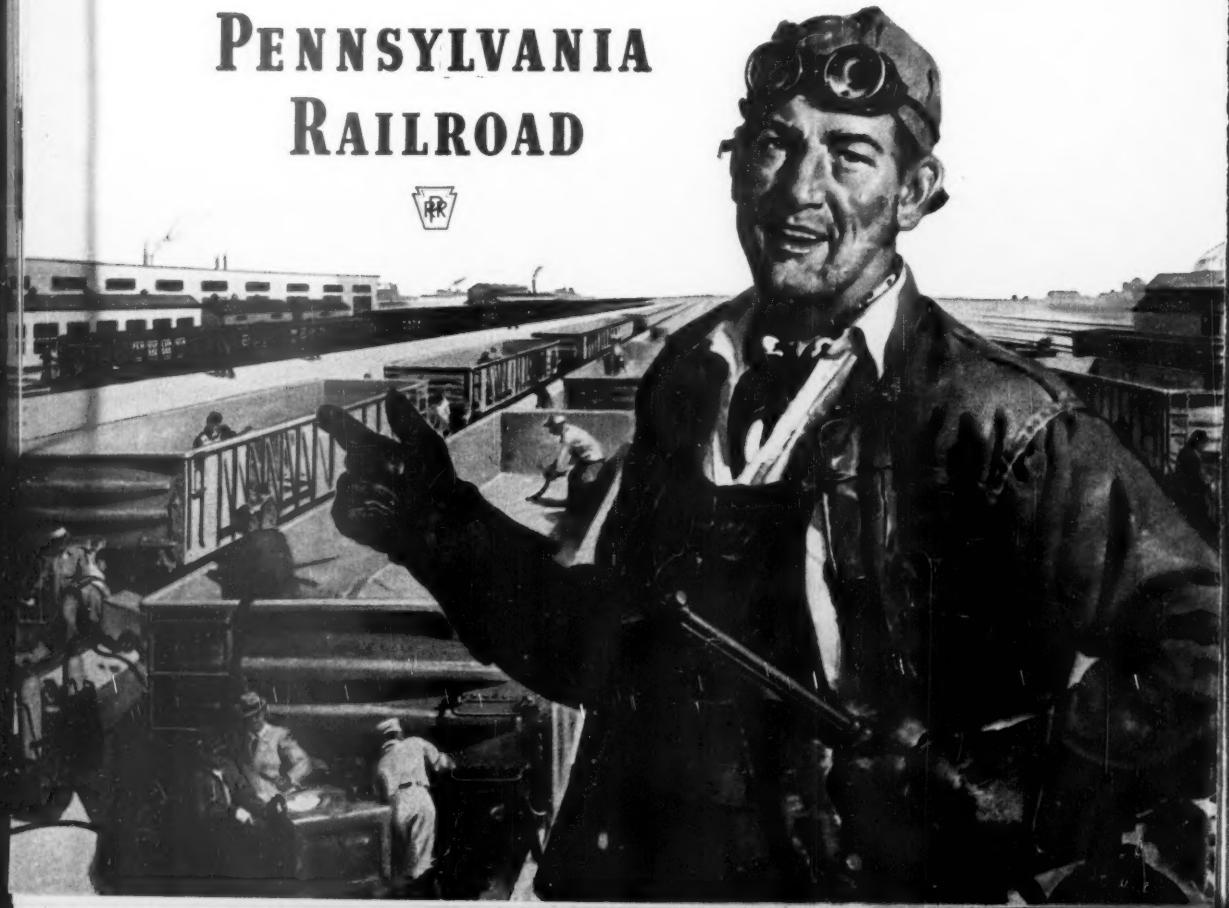
The Pennsylvania's 54,000 shopmen are working to keep all transportation equipment fit. Besides building new cars they have rehabilitated 20,000 existing freight cars and will put another 14,000 in new-car condition this year.

Car builders are busy on the biggest single order of its kind in railroad history . . . 20,000 new Pennsylvania Railroad freight cars costing \$114 million. More than 7,000 have been built and put to work. The others are coming along at the rate of 1,250 or more a month. These are in addition to more than 5,000 new cars built in Pennsylvania's shops in the past three years.

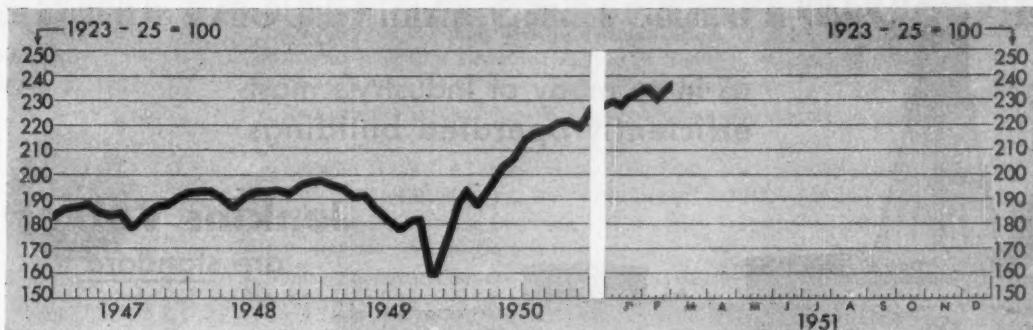
More than 1,000 new Diesel-electric locomotives costing \$212 million have been ordered. Nearly all are now in service.

In every possible way steps have been taken to make sure that equipment and all other facilities are ample and ready for any demand or emergency.

PENNSYLVANIA RAILROAD



FIGURES OF THE WEEK



Business Week Index (above)

PRODUCTION

	\$ Latest Week	Preceding Week	Month Ago	Year Ago	1947 Average
Steel ingot operations (% of capacity)	1,995	1,989	2,025	1,405	1,593
Production of automobiles and trucks	192,243	†177,932	167,869	125,285	98,236
Engineering const. awards (Eng. News-Rec. 4-week daily av. in thousands)	\$60,350	\$52,961	\$56,158	\$28,652	\$19,433
Electric power output (million kilowatt-hours)	6,833	6,905	6,970	5,854	3,130
Crude oil and condensate (daily average, 1,000 bbls)	5,945	†5,937	6,066	5,000	3,842
Bituminous coal (daily average, 1,000 tons)	1,822	†1,408	1,863	404	1,685

TRADE

	76	58	79	68	86
Miscellaneous and l.c.l. carloadings (daily average, 1,000 cars)	47	38	51	25	52
All other carloadings (daily average, 1,000 cars)	\$27,164	\$27,159	\$27,028	\$27,019	\$9,613
Money in circulation (millions)	+17%	+15%	+31%	+2%	+17%
Department store sales (change from same week of preceding year)	127	165	193	210	228
Business failures (Dun & Bradstreet, number)					

PRICES (Average for the week)

Cost of Living (U. S. Bureau of Labor Statistics, 1935-1939 = 100), Dec.	178.4	...	175.6	167.5	105.2
Spot commodities, daily index (Moody's, Dec. 31, 1931 = 100)	528.6	533.2	528.3	357.1	198.1
Industrial raw materials, daily index (U. S. BLS, Aug., 1939 = 100)	379.2	379.0	381.2	220.9	138.5
Domestic farm products, daily index (U. S. BLS, Aug., 1939 = 100)	414.5	418.4	405.7	304.4	146.6
Finished steel composite (Iron Age, lb.)	4.131¢	4.131¢	4.131¢	3.837¢	2.396¢
Scrap steel composite (Iron Age, ton)	\$43.00	\$43.00	\$47.75	\$27.08	\$19.48
Copper (electrolytic, Connecticut Valley, lb.)	24.500¢	24.500¢	24.500¢	18.500¢	12.022¢
Wheat (No. 2, hard winter, Kansas City, bu.)	\$2.45	\$2.51	\$2.40	\$2.26	\$0.99
Sugar, daily price (raw, delivered New York, lb.)	5.96¢	5.90¢	5.91¢	5.51¢	3.38¢
Cotton, daily price (middling, ten designated markets, lb.)	#	#	#	32.38¢	13.94¢
Wool tops (Boston, lb.)	\$4.45	\$4.40	\$4.40	\$2.11	\$1.41
Rubber, daily price (ribbed smoked sheets, New York, lb.)	75.00¢	74.00¢	72.00¢	19.50¢	22.16¢

FINANCE

90 stocks, price index (Standard & Poor's Corp.)	173.7	174.4	170.6	137.0	78.0
Medium grade corporate bond yield (Baa issues, Moody's)	3.16%	3.16%	3.16%	3.24%	4.33%
High grade corporate bond yield (Aaa issues, Moody's)	2.69%	2.66%	2.65%	2.58%	2.77%
Call loans renewal rate, N. Y. Stock Exchange (daily average)	1½-1¾%	1½-1¾%	1½-1¾%	1½-1¾%	1.00%
Prime commercial paper, 4-to-6 months, N. Y. City (prevailing rate)	2%	1½-2%	1½-2%	1½-1¾%	1-1½%

BANKING (Millions of dollars)

Demand deposits adjusted, reporting member banks	50,491	50,510	51,684	46,848	††27,777
Total loans and investments, reporting member banks	69,231	69,241	70,384	66,985	††32,309
Commercial and agricultural loans, reporting member banks	18,588	18,449	18,018	13,854	††6,963
Securities loans, reporting member banks	2,124	2,269	2,274	1,965	††1,038
U. S. gov't and gov't guaranteed obligations held, reporting member banks	30,900	30,858	32,443	37,162	††15,999
Other securities held, reporting member banks	6,454	6,461	6,503	5,223	††4,303
Excess reserves, all member banks	582	726	638	748	5,290
Total federal reserve credit outstanding	23,283	23,330	21,608	18,092	2,265

*Preliminary, week ended Feb. 24.

††Estimate (BW—Jul. 12'47, p16).

‡Markets closed.

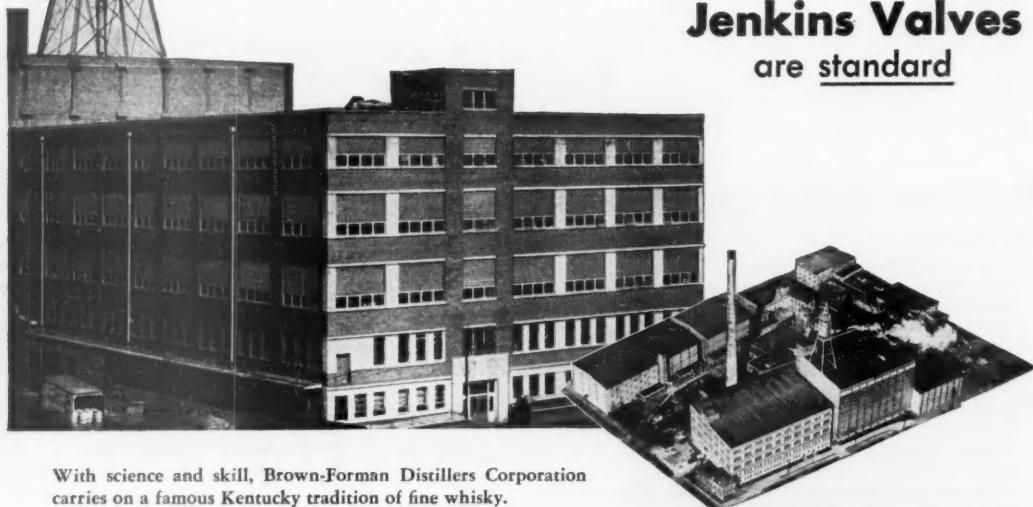
§Date for "Latest Week" on each series on request.

†Revised.

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as in so many of industry's most
efficiently operated buildings



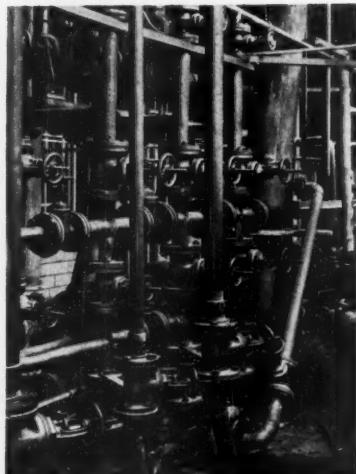
With science and skill, Brown-Forman Distillers Corporation carries on a famous Kentucky tradition of fine whisky. To insure uniform fineness in the flavor of Old Forester and its other whiskies, nothing is left to chance in the Brown-Forman distilling operations at Louisville.

Equipment for control of production is checked with the same meticulous care as grain samples, before approval. It is significant that Jenkins Valves, standard for years in all Brown-Forman distilleries, were again specified when plant facilities were expanded and modernized recently.

Significant, but not unusual. Jenkins Valves have been the choice consistently of the men who plan America's outstanding buildings. Future-minded, these men — architects, engineers, contractors — think of all operating equipment in terms of tomorrow's maintenance costs.

Jenkins builds extra endurance into valves — proved by low upkeep cost records in every type of service. Yet, despite this extra value, you pay no more for Jenkins Valves. For new installations, for all replacements, let the Jenkins Diamond be your guide to lasting valve economy. Jenkins Bros., 100 Park Ave., New York 17; Jenkins Bros., Ltd., Montreal.

Jenkins Valves
are standard



Among more than 4400 Jenkins Valves in Brown-Forman's Louisville plant are these which control the flow patterns through quadruple effect evaporators in the By-Products Building



Jenkins Bros.

WASHINGTON OUTLOOK

WASHINGTON
BUREAU
MAR. 3, 1951



Lethargy is creeping back into mobilization. The big push for arms that came when China sent us reeling in Korea is starting to peter out. The result is that the defense effort loses some of its drive.

You can get the mood merely by looking at Washington goings-on:

Truman is off for three weeks in Florida. He probably needs them. But with him away sunning, the "emergency" becomes hard to sell.

Acheson is resting in Bermuda. That seems to contradict the idea that Russia may play hob in Europe this spring.

John Sherman Cooper, Republican adviser to State now back home after six weeks in Europe, reports little fear of war over there.

Wilson and Johnston are picking up their mobilization tasks again, after 10 days of dickering with labor leaders on a "comfortable" wage ceiling.

Congress seems more interested in rooting out scandal in the RFC than in such unpleasant defense issues as the draft and higher taxes.

The military is taking its time working out the details of defense. Today, it still can't tell Congress what it needs, and how much.

•

It's a letdown, all along the line. And it is as simple as this: When Korea hit last summer, the nation tensed. A few months later on, things were going our way, so there was a relaxation. Then came China, and we were almost licked. Defense plans zoomed. Now, we are gaining, and there's another relaxation. That is "government by crisis."

This could change overnight, with new reverses on the Korean front, or a hostile move by Russia in Europe. But unless there's a worsening, the prospect is for a more leisurely pace in Washington.

•

Controls aren't involved and will go on expanding regardless. They are being used more to regulate the civilian boom than to channel materials into military production, which still is relatively small.

The fatness of the civilian economy is the question. A slowdown in the military buildup would mean more goods left over for civilians. Chances now seem pretty good that the pinch of shortages, due in spring, probably will not amount to much before summer or later. And even then, the pinch may be less severe than Washington has been predicting.

•

The big bottleneck is the military. Korea now is eight months old. But the Pentagon still is uncertain as to the fighting machine it wants. In January, Truman asked a \$60-billion military program for fiscal 1952, the 12 months starting July 1. And he scheduled actual expenditures for the period at \$41.5-billion. But it will be April, maybe as late as May, before the Pentagon can detail for Congress how the money will be used. The same is true of the \$10-billion ticketed for aid to allies.

A delay in the next big wave of arms orders may well be the result. With Congress getting a late start on military money, orders slated to go out in July may be delayed until August or September. And that would mean delay in diverting materials from civilian to military goods.

WASHINGTON OUTLOOK

(Continued)

WASHINGTON
BUREAU
MAR. 3, 1951

Postponement of the tax rise until Jan. 1, 1952, is being talked quietly by members of the House and Senate tax-writing committees.

The argument for delay is this: The budget deficit of \$2.5-billion forecast for fiscal 1951, which ends June 30, probably won't materialize. Odds favor a slight surplus. Spending for fiscal 1952 still is uncertain. So, Congress should hold off for a better look at spending prospects and then vote a rise in the fall, effective next January.

It sounds like wishful thinking at this stage. It's worth noting, however, for it reflects the tendency to move slower on mobilization.

•
The St. Lawrence Seaway is no certainty, but its chances are good. The argument that it's needed to move iron ore is solid.

Statehood of Hawaii and Alaska faces new filibusters and delay.

Rent control probably won't be tightened up at this time. Prospect is for a temporary extension of the law "as is."

Aid to education hasn't much chance in the form Truman has asked. But you may get a program of help for communities that are overloaded by new defense plants or government installations.

•
Draft of youngsters will be voted. Chances are that local boards will be allowed to take them at 18½, but with the military required to give a maximum of six months training before combat duty.

The new renegotiation bill now in final stages isn't nearly so tough as the military wanted. But it will cover more government contracts than present law.

Control of electronic gadgets probably will be put under the FCC, along with radio and TV. The military wants it, on the grounds that diathermy machines, heating units, and even electric shavers can serve in wartime as a guide for "homing" missiles.

•
Johnston's concessions to the unions (page 120) will be paid for by everyone in more inflation of business and living costs.

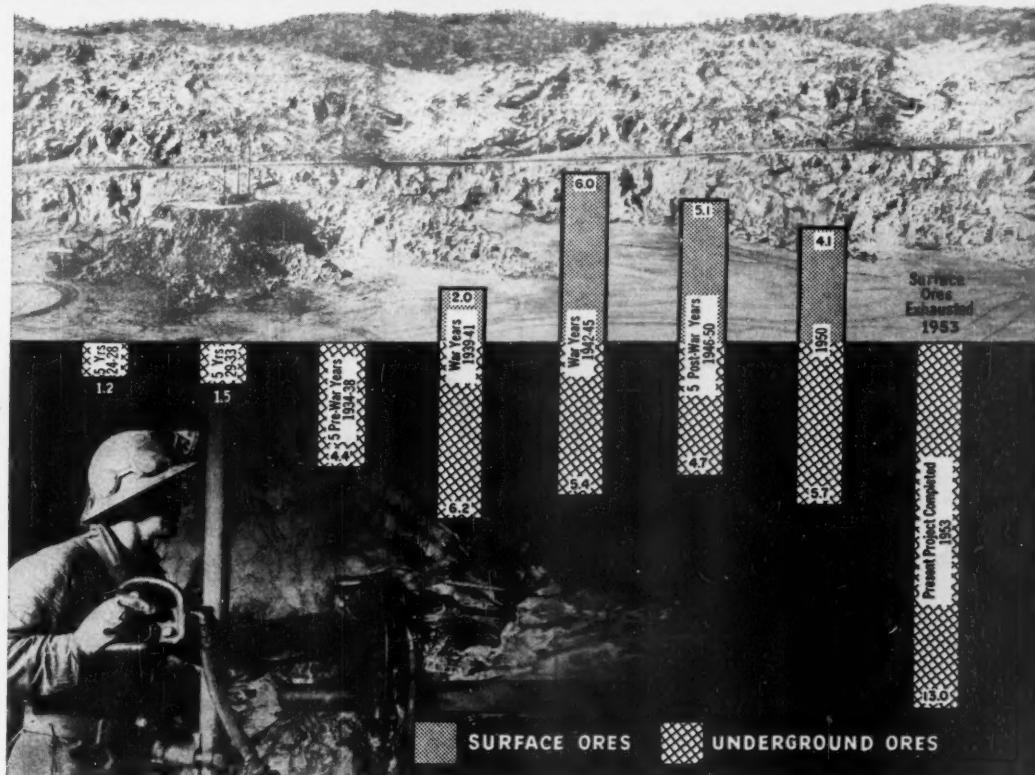
The 10% wage "catch-up" formula now excludes pension and welfare funds, other "fringes," which are just as much a part of labor costs as wages. It will be reconsidered before midyear when the unions will break the 10% ceiling and start a sixth round of wage boosts.

On the price front, there will be more price rises than rollbacks under DiSalle's new regulation on retail markups (page 24). The policy recognizes that, with labor costs rising, retail prices can't be "frozen."

Subsidies to prevent food price rises will be asked of Congress by Truman this spring. Labor's strong for it. But odds are Congress will balk. "Stabilization" subsidies look to congressmen as merely a way to disguise higher prices, with the increase paid to the tax collector instead of across the counter in the grocery store.

•
A harsh tightening of credit isn't in sight as an inflation brake. Note that Truman practically told his new interagency credit committee (page 25) to work out a policy that will make money harder for private borrowers to get, but keep it plentiful and cheap for Treasury borrowing.

Underground and surface ORE MINED (yearly average—millions of tons)



Underground for Defense

...started more than 10 years ago

STRENGTH...military and economic...depends on productivity. And productivity depends on men who have devoted long years to their specialized chosen field of endeavour.

Such men with "know-how" mine nickel, chiefly from the rocky rim of Ontario's Sudbury Basin...

By increasing output with maximum speed and drawing on reserve stocks of nickel previously accumulated, they helped raise deliveries of nickel in all forms during 1950 to 256,000,000 pounds...a record for any peace-time year.

This record, 22% greater than the 209,292,257 pounds delivered in 1949, was no accident...

In 1937, INCO launched a vast long-range project which now makes it possible to meet the military requirements

of the United States, Canada and the United Kingdom. In addition, nickel deliveries are being made to government stockpiles and the balance of the supply is being rationed among civilian consumers in all markets throughout the free world.

Since the inception of International Nickel, its fixed policy has always been to increase the supply of nickel. To meet today's needs, INCO went underground years ago.

Anticipating the eventual depletion of Frood-Stobie open pit surface ores, more than 10 years ago, INCO embarked on a program of replacing open pit with underground capacity. This required extensive enlargement of our underground plants, development of new methods of mining not previously undertaken and the revamping of metallurgical processes to cope with difficulties in recovering nickel from

the new types and lower grades of ores which have to be reached.

Major expansion in output of nickel from underground operations is being driven to conclusion with utmost speed. There is still much construction to be done and a number of mining and metallurgical problems remain to be solved and tested in actual operation. Barring unforeseen interruptions, full conversion to underground mining should be completed in 1953.

When the present undertaking is completed, INCO will be able to hoist 13,000,000 tons annually, and the size of its underground mining operation will surpass that of any other non-ferrous base metal mining operation in the world.

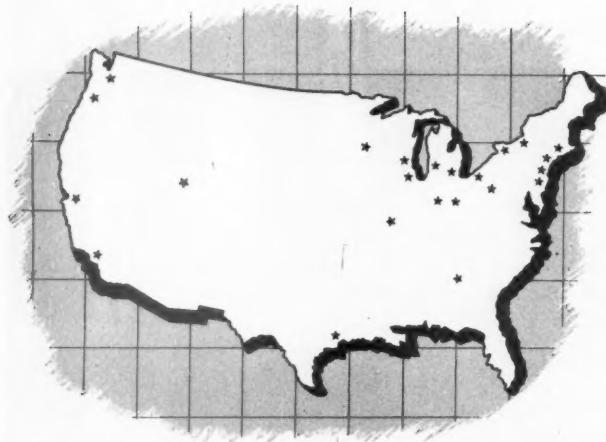
This underground expansion is being completed by INCO without interrupting current production of nickel, which is at maximum capacity.

THE INTERNATIONAL NICKEL COMPANY, INC. 67 WALL STREET
NEW YORK 5, N. Y.

● In the face of today's shortages and delays, there is one thing that is not in short supply—
Warner & Swasey service!

Across the country our Field Engineers and Service Representatives—45 factory-trained machine tool engineers—are more than ever devoting themselves to helping you get the job done.

Their suggestions may be comparatively simple—a new part, a different tool, an easy-to-make adjustment. But when our engineer leaves your plant, chances are *your turret lathes will be producing more than when he came in.* That's what we all need today, of course . . . more and more production . . . and that's one thing your Warner & Swasey man is offering today—with no priority required!



No priority required!

FOR WARNER & SWASEY SERVICE



YOU CAN MACHINE IT BETTER, FASTER, FOR LESS WITH WARNER & SWASEY TURRET LATHES, AUTOMATICS AND TAPPING MACHINES

Mobilization: Is It Tough or Easy?

- Two conceptions of the way to mobilize the U.S. economy are clashing this week—in Washington and in the minds of businessmen.
- Mobilizer Charles Wilson sees the need one way—calling for a vast shift of industry from its peacetime ways into the alien territory of war production.
- That means a hard-driving, devil-take-the-hindmost rush to ready the country for the threat of World War III.
- Another view is widely held in Washington outside Wilson's own shop.
- U.S. industry—this view holds—is a war machine by its very nature. It has not forgotten the technical skills, the organizational structure, the concentration on hard goods of the last war. To mobilize it, you simply change the product mix—and enlarge the economy across the board.
- Across the country, businessmen—this week at least—are in a mood to accept the second view. Everywhere, the transition from civilian to military business is going more smoothly than anyone would have dared predict a few months ago.

I. Wilson in Trouble

Charles E. Wilson is now running into the stiffest opposition he's met since he took over as mobilization chief. Behind it is one thing: Washington, including the military, isn't ready to get as tough about defense policy as some of Wilson's aides are.

A week ago, labor gave Wilson his first jolt when it went to the White House with the row over its voice in defense planning. This week Wilson clashed again over an equally fundamental issue—industrial expansion.

Up to now, it's been clear that Wilson was calling all the signals for mobilization. And they were tough signals, especially from a political viewpoint. Wilson and his top assistant, Gen. Lucius D. Clay, felt their principal task was procurement of everything the military needed as rapidly as possible. That would mean maintaining absolutely essential civilian production at a reasonable rate, but not much more, as soon as

military demands finally reached their peak.

• **Concentration**—Wilson and Clay made it their first job to step up the letting of contracts by the military. And they backed price boss Michael DiSalle's price freeze largely in the hope that it would protect the purchasing power of the Defense Dept.'s appropriations dollars. But when an accompanying wage freeze loomed, organized labor began sniping at the Office of Defense Mobilization in earnest.

Now the second political row has broken. It started when Wilson and Defense Production Administrator Harrison began rewriting industrial expansion policy (BW-Feb. 24 '51, p21). Wilson's staff insisted on a tough policy: Government loans, loan guarantees, purchase commitments, and five-year amortization should be granted only for production of military items or military-supporting projects—nothing else.

Even Gen. Harrison, to whom Wilson had given the job of translating plant-expansion policy into actual construction, balked at these rigid restrictions. But Wilson's men were adamant; the first draft of the new expansion policy went to Wilson as written.

But when Wilson took his plan to the White House for final clearance, the storm broke.

• **Everyone Climbs On**—Expansion-minded advisers of the President were especially outraged. They plugged hard for the Keyserling-Symington theory that both military and civilian production capacity must be expanded during the mobilization period. They pointed out that there was no place under the proposed policy for small industry that could not convert to military production. They clinched their case with the argument that, over any long-term emergency, the proposed policy would stifle our economy when it needed to be strongest.

The proponents of other industrial expansion had their turn. Farm, minerals, and metals-fabricating production must be boosted, they argued, in order to support the rearmament program. They took specific issue with Wilson's view that presently programmed steel-making capacity of 120-million tons a year is enough to see us through the mobilization period.

The President and, finally, Wilson himself agreed. The tough expansion policy went back to the staffers for toning down. But before it was over, the squabble reached such proportions that Washington was swept by rumors that Wilson or some of his top advisers might resign.

• **Still Sailing**—So far, however, Wilson and his staff seem to have ridden out their differences with the politicians, if only by giving way at some points. They are likely to continue to do so. Wilson well recalls from his War Production Board experience that mobilizers have to consider political pressures even in an all-out war.

The success—or failure—of the Wilson operation obviously depends to a considerable extent on how well he meets such political problems, holding fast or giving ground where necessary. At the moment, for example, ODM is open to—and getting—criticism for stalling all industrial expansion that requires

government assistance while a policy is being hammered out.

• **Trouble Coming**—There are other pitfalls ahead. Possibly the most dangerous are presented by the mechanics of the existing controls machine. Physically, at least, Wilson has detached himself from some of the wage-price headaches to come by moving Economic Stabilizer Eric Johnston out of the ODM offices, and telling him to work out policy matters with DiSalle and the Wage Stabi-

lization Board. But many of Johnston's problems still will have to come to Wilson for final solution.

And the touchy matter of manpower controls is bound to create more trouble. Wilson stuck by his decision to set up an independent manpower committee, despite the objections of Labor Secretary Tobin and most union men. He selected his manpower committee chairman, Arthur S. Flemming, without the blessings of either.

II. Painless Conversion

This week for the first time business men are beginning to realize that mobilization isn't so hard as they expected. Eight months after Korea, three months after Red China's big push, the switch to munitions should have begun to hurt. But judging from the best yardstick available—conversion unemployment—it hasn't. There just isn't enough conversion unemployment to discuss.

• **Why?**—At first glance, the ease of the transition is startling. But look deeper, and it becomes obvious that there are more factors right now working against serious economic dislocation than there are for it.

• Most important, this is only a partial mobilization. Many industries are going along almost as they did six months ago.

• Washington, too, has behaved differently from last time. Partly that's the result of the experience it piled up in World War II. There was no need to go back over the trial-and-error phase; mobilizers needed no more than elementary common sense to start this one where they left off before—with a system they knew would work.

• The planning itself has been easier. Many of the things we would normally need for war are already in stock. Other basic items have been turned out in fair quantity right along. What we have to have now are the finishing touches, the up-to-the-minute improvements to go on top of the basic equipment. And for a hard-goods, mass-production economy that's easy.

• This has been a gradual buildup. For Washington, with the crackling urgency of 1942 missing, there has been time to plan and move slowly—to take the way that would hurt the economy least. Business, too, has had time—six months in which to figure how to slip from peacetime production into war operation.

• **Good Report**—All told, these factors have made mobilization far easier on business than the orders, the priorities, and the standard Washington confusion might indicate. The best proof of that is the lack of conversion unemployment, when you would guess there should be plenty.

In city after city this week, industry told BUSINESS WEEK reporters an almost identical story: Nobody is out of a job here who wants a job and can hold one.

This is the way it went across the nation: Atlanta: "Conversion unemployment? It hasn't hit here yet." Pittsburgh: "No problem." New Orleans: "Not enough to talk about." Cleveland: "Mister, there isn't any unemployment in the Greater Cleveland area." Detroit: "Nothing to speak of." Chicago: "None of significant proportions." Kansas City: "Maybe there's some, but I can't find it." San Francisco: "There just isn't any." Seattle: "I can't see what they've been moaning about."

• **Figures Say It, Too**—Statistically, all this checks with what unemployment figures show. There are 14-million more people at work now than ever before at this time of year. And unemployment, though not at a low, stood at only 24-million in January, an unusual ebb for the season (BW-Feb. 17'51, p9).

Right along, United States Employment Service has been getting reports on the number of layoffs due to materials shortages. After a surge to 20,000 in the first week of January, they dropped way off. Latest figures for the end of January show them running at only 3,000 to 4,000 a week.

Measure this against initial unemployment claims (although the two figures aren't strictly comparable), and the layoff figure comes to only 2% to 3% of new claims. That can't excite even a statistician.

• **Trouble Pockets**—The lack of conversion upsets so far, however, doesn't mean that pockets of unemployment won't show up in the months ahead. Cities and towns dominated by one industry are bound to be hurt if the U.S. sidetracks materials from their plants.

Akron is a good example right now. Because of cutbacks in rubber allocations, Goodrich last week said it would have to lay off 1,500 people until supplies build up again. Thousands of Akron workers, though still on the job, are already cut to a 24-hour week. And

this, United Rubber Workers fears, is only the beginning.

Finding a way to clear up these pockets will undoubtedly be difficult. Labor's mobility hasn't been helped by pension plans and other security measures. Further, an Akron man, born and bred, is understandably cool to the idea of moving to Seattle to work for Boeing. And it could be that Boeing is cool to having him.

• **Ingenuity**—More typical is a northwestern manufacturer of steel storage tanks. Three months ago, he told a BUSINESS WEEK reporter, "It's rugged; in 30 days I'll be out of raw materials." A month later, it was the same story; he could see only a third of the steel he was going to need for March delivery. Last week, it was the same story again, a little sadder. He just didn't see any steel for April.

So far this manufacturer has not laid off one single man. Asked why, the manager gestures out the window to some seven-barrel fuel tanks in the yard. The flat ends, instead of being single sheets, are fishtailed up of two, three, or even four pieces welded together.

Boxcar Shift Fails To Ease Flour Crisis

The shortage of boxcars is cutting a sizable slice out of the nation's potential bread supply. In the last few days, in Buffalo, mill shutdowns cost the production of enough flour to make nearly 20-million loaves of bread. Kansas City mills are running on a five-day basis, instead of the normal seven. Minneapolis, too, is hard hit.

• **Worse Yet**—The boxcar famine, of course, is chronic, with seasonal flare-ups. And the recent switchmen's strike brought the biggest flare-up of all. It's called the worst in 30 years; one traffic veteran said: "There has been nothing like it in two wars. This shortage is all over."

The all-over feature hurts worst. The Interstate Commerce Commission has ordered eastern roads to make 600 boxcars a day available to the West. That has made things worse in the East. But Midwest millers say it will be a week or 10 days before it will do them any real good.

• **Hand to Mouth**—Meanwhile, some mills are working on a day-to-day basis, out-loading only the grain cars that reach them each day.

In Buffalo, where the millers are screaming against the ICC order, skeleton operations are the order of the day. General Mills, the world's largest, needs 100 cars a day; it has been forced to slash its 3.7-million lb. a day flour production.

Conversion Steel Now a Must

A few years ago nobody had ever heard of conversion deals. But today volume runs into millions of tons. And the government will give it official status in its new order to auto makers.

There's no World War II precedent for the forthcoming government order telling the auto makers how much steel they can use. For it contains a provision requiring them to continue using the same proportion of conversion steel as they have in the past. This is the steel that is bought by a consumer in a rough or semifinished state and then shipped to another mill for rolling—all at the buyer's expense.

Conversion steel is a postwar nightmare. An unknown somebody dreamed it up as an alternative for buying scarce steel in the black market, when he couldn't get enough finished metal direct from the mills. Some people have confused black market operations with conversion deals. But it has been considered comparatively legal. Now Uncle Sam seems intent on making it so.

• **How Much?**—So much steel is traveling the conversion route these days that the government has to take it into account when regulating the flow of the basic raw material. No one knows for sure the volume of conversion steel business. The American Iron & Steel Institute makes no attempt to keep track of it. But an educated guess puts the amount at several million tons a year—perhaps as much as 5-million.

You get some idea of the scope of the conversion operation when you take a look at the auto industry's steel consumption. Total take in 1950 for passenger cars, trucks, and parts was 14.5-million tons. That was equal to 20.5% of 1950 mill shipments of steel products. And of that total, it has been estimated that probably 25% was involved in conversion deals to some extent. That would mean the auto makers alone used upwards of 3-million tons of steel that they did not secure through regular mill orders.

One of the Big Three companies made some conversion arrangements a couple of years ago on a five-year contract basis. They didn't look so hot a while back when steel supply got easier. But they look better than ever since Korea as steel demand pyramid again.

• **More Output**—The auto companies made much of this point not long ago. Defense Production Administrator Harrison had called them on the carpet about their first-quarter consumption of steel. He thought they were using too much. They said one of the reasons they got as much as they did was because of their steel conversion deals. Their argument was that, if they hadn't

gone in so actively for conversion steel, there simply would not have been so much steel produced.

The increase in output comes this way. Say a mill can turn out more ingots than it has capacity to finish. It can sell ingots or semifinished steel (blooms, billets, or slabs) to the XYZ company. That company will then locate a mill that has finishing capacity to spare, get the mill to roll the rough steel. In that way, the excess ingot producer has worked his furnaces to the limit, and the excess finisher has worked his rolling mills beyond his own furnaces' capacity to feed them.

Getting this extra capacity into production can mean as much to the steel producers as to their customers. For instance, one major steel company with a total capacity of about 4-million tons has an excess of rolling facilities. It figures that 12% of its current volume of business is conversion steel.

• **Roundabout**—Obviously, the conversion path is often circuitous. There have been instances where a customer has bought ingots from one mill, had

them rough rolled into slabs at another, then hot rolled into sheets by a third, and cold rolled by a fourth mill.

One deal that involved just about the maximum distance in traveling went like this: Steel ingots were bought at a mill in the Pittsburgh area. The mill didn't have even roughing capacity to convert the ingots to semifinished steel. So the buyer shipped the steel up to Canada to be rolled into slabs. Back it came to the U.S. to be transshipped to a third mill in the Cleveland district for rolling into sheets.

But that example pales beside some others. Kaiser-Frazer once went through five conversion stages to get sheet steel. K-F didn't want sheet. It knew, though, that a lot of other people did. So—in still another deal—it traded the sheet steel for foundry pig iron, which it badly needed.

Another twist on conversion steel involved scrap. A steel fabricator would line up some scrap, have it delivered to a mill. It would then take the steel, have it converted elsewhere to sheet.

• **And Costly**—Just as obviously, all this rolls up the cost. The mill-to-mill travel runs up a whacking big transportation bill. And each mill along the line has to get its cut of profits. So conversion steel has cost many customers \$200 a ton or better in the form of sheets. This compares with current mill prices of \$72 a ton for hot-rolled sheets and \$87 for cold rolled.



WAREHOUSES bulged with wool, as the Textile Workers Union of America strike idled workers in 160 woolen-worsted mills (BW-Feb. 24 '51, p126). Facilities at Bos-

ton's Commonwealth Pier are already taxed by several thousand bales of African wool. And shipments due within the next few days will roll up a record of 150,000 bales.



ART LOVER looks over a Camille Bombois street scene at Parke-Bernet Galleries before auction. Painting went for \$1,100.

Art Auctions: Latest Inflation Hedge

If you want to hedge against inflation, one approach is to buy paintings, sculpture, jewelry, rare furniture, and other objects of art.

It's riskier to invest your money this way than in land or buildings. You have to have a shrewd eye for the intangible values of art. Nevertheless, a lot of people are beginning to haunt the galleries and auctions along New York City's 57th St., art center of the country. They are looking for solid investments that will hold up during inflation.

• **New Import**—Though some of it went on in World War II, art speculation on a big scale is relatively new in this country. Art experts along 57th St. attribute its rise here to the influence of Europeans, who for generations have been in the habit of using art to hedge against the aftermath of war and political upheaval. Refugees during the war found our low art prices an open

door to speculation. Their success lured others into the market.

Today it's the moderns—the painters of the later 19th Century and after—who get the big play. Unless they're first-raters, the "old masters" don't do too well at auctions. The French Impressionists, after a decade or more of popularity, are still riding high. Contemporary painters do well. But the speculators are apt to go only after the established names, like Picasso. Buying comparatively unknown contemporaries is too much of a risk—unless you're buying them for your own pleasure.

• **Inflation**—One tell-tale sign of the times is the recent auctions held at the famous Parke-Bernet Galleries (rhymes with brunette) biggest and flossiest of all Manhattan's auction centers. Since mid-November, the Parke-Bernet people have noticed a marked inflation in the

prices paid at its auctions. The gallery's estimates of how much an auction will bring in are generally regarded in art circles as remarkably close to what actually happens. But since November, Parke-Bernet has consistently underestimated. It recently guessed, for example, that an Oriental collection would bring \$35,000. It brought \$42,500.

The acid test came at its most recent auction of modern paintings, the biggest thing of its kind this season at Parke-Bernet. A crowd of more than 900 poured through the big glass doors in the gallery's streamlined new limestone building. A lot of the crowd was there, as usual, for the show-dowagers in evening clothes, who brought their dinner guests along for an evening's amusement, wide-eyed tourists, art lovers without a dime to spend. But the professionals and the collectors—some of them with their dealers in tow



"FAIR WARNING!" cries auctioneer Louis J. Marion for last time, then bangs gavel. His gavel rapped 104 times during sale, brought in \$77,775.

were there, too. They topped Parke-Bernet's original estimate of \$67,500 by more than \$10,000.

• **Hidden Bidding**—A big auction has some of the elements of a horse race, but it's something you feel rather than see. The bidders usually cannot be detected except by the gallery's "callers," who spot the habitues and relay their bids to the auctioneer. He, in turn, announces each level of the price movement. A flick of the wrist, raised pencil, a hand held to the face are standard signals for putting in bids.

In this atmosphere the tyro is sadly outclassed, sometimes baffled. Just before auctioneer Louis J. Marion (picture) knocked down the highest-priced painting of the evening—a landscape by the French modern, Camille Pissarro—he stopped, pointed warningly to a woman down front. "Lady," he said, "you're going to raise that program once too often and suddenly own a lot of pictures you didn't expect to." It went for \$6,000.



RAISED PENCIL signals dealer Eleonore Saidenberg's bid on a Picasso drawing. She got it for \$250.



\$1,700 GESTURE gives Nathan Cummings, board chairman of Consolidated Grocers, a Corot landscape.



SIDE BET on what prices pictures would bring nets profit for Joshua Logan (right), director of South Pacific. Art dealer Charles Lock held the stakes. Mrs. Logan smiles.

**Furniture Store—List-Date Pricing Chart for a
Store Including Freight in Determining Markups**

LM Furniture Co., 1115 Massachusetts Ave., Barre, Vt.

[Type of Store—Independent furniture store. Total retail sales \$100,299]

Category (1)	Net Cost (per unit) (\$)	(freight) (\$)	Offering Price Per Unit* (\$)	Percentage Markup on Cost (#)	Supporting Invoice (\$)
Category 701, wood bedroom suites	\$32.34 (33.00, 2/10) 3.10	\$56.85	75.8	FC Mfg. Co., #1134, 1/2/51 (3 pc. maple)	
	\$39.20 (40.00, 2/10) 3.50	\$66.45	69.5	KF Furniture Co., #6910, 11/12/50 (3 pc. walnut veneer)	
(Average Percentage Markup: 76.1%)	\$41.16 (42.00, 2/30) 3.90	\$70.60	71.5	CB Furniture Co., #7315, 12/18/50 (3 pc. maple)	
	\$47.04 (48.00, 2/10) 5.50	(\$84.00)	78.6	KF Furniture Co., #6910, 1/14/51 (3 pc. walnut veneer)	
	\$47.04 (48.00, 2/10) 6.00	\$92.00	T. H. Jones Co., #142, 11/17/50 (5 pc. maple)	
	\$61.74 (63.00, 2/10)	\$109.00	76.6	P. Smith Industries, Inc., #29, 1/5/51 (5 pc. walnut veneer)	
	No freight				

*These prices are for sales to customers who pay cash. Credit sales on basis of additional charge of 6% per annum of unpaid balance.

Signed:
LM FURNITURE CO.
by CHARLES COE, President

THESE ARE FIGURES each retailer will use to determine . . .

Percentages to Rule Prices

New OPS order lets stores charge cost-to-dealer plus percentage based on Feb. 24 margins. It covers 70% of all nonfood sales. Food regulation due soon, followed by one on manufacturers.

Retailers got The Word this week. The Office of Price Stabilization finally told them how they must price their goods.

The word was this: Stores will be allowed percentage markups, won't be limited to fixed dollar-and-cents spreads between cost and selling price.

• **Replacement** — This is Mike DiSalle's most elaborate effort yet. But it is no counter-offensive against inflation. It is more a replacement of a jury-built defense line with a permanent line geared to cover changes in the nature and level of production.

The retail margins order does nothing to diminish the 5% to 6% increase in prices DiSalle, himself, expects this summer.

The order—Ceiling Price Regulation No. 7—replaces the stopgap freeze imposed six weeks ago. It takes from under the Jan. 25 blanket 233,000 dealers in clothing, house furnishings, and furniture accounting for about 70% of nonfood sales.

• **More Coming**—Other orders will follow soon. A retail food order using OPS-assigned percentage markups may be out next week. A manufacturer's pricing regulation could be out in two weeks—unless OPS decides to handle

manufactured goods industry-by-industry. Later on, the freeze will be replaced by more nonfood retailing orders for commodities not now covered—fuels, automobiles, drugs and cosmetics, jewelry, building supplies, and large appliances.

CPR-7 goes into effect Mar. 29; until then the general freeze applies. (Autos stay under the Dec. 17 rollback freeze, which was to expire Mar. 1, for another month.)

Here is what the order does:

- It permits a dealer to apply percentages to whatever he pays for his stocks.
- Generally, it freezes these percentage margins at the Feb. 24, 1951, level.

• Dealers can't widen their margins even if overhead increases.

The order is expected to tighten margins on dealers' profits—but not to starve them.

• **Like OPA Rule-In**—In practically all respects, CPR-7 duplicates MPR-580 issued in March, 1945, by the old Office of Price Administration. The order looks complicated; it fills 27 closely printed pages in the Federal Register. But in conception it is simple. And World War II experience has

shown that retailers can follow it and live with it.

Here is what a dealer is required to do under CPR-7:

Prepare a list-date pricing chart similar to the one shown above. Essentially, the chart is an array of items grouped in categories and arranged in ascending order of cost-to-dealer. Only three sets of figures are needed to start with: the dealer's cost on the Feb. 24 "list date," his selling price then (from which he can figure his percentage markup), and his invoice number for evidence.

Bring "abnormal" markups into line by consulting pre-Korea records for similar items if necessary.

File periodic reports with OPS beginning with a copy of the pricing chart (due on Mar. 29). Later, dealers will have to turn in average markups category-by-category or department-by-department. OPS inspectors may check averages that seem unusually high.

Establish a margin for a new item—or for an established item that now costs more—by finding a similar cost-to-dealer on the pricing chart. (The new article doesn't have to be anything like the one it is being matched with.) The retailer then adopts the markup applying to the listed item.

If the wholesale prices don't exactly match, the retailer applies the markup used on the next lower-priced item. But if this markup is higher than the category's average, the average markup is used.

Have each item tagged with new ceiling prices by July 1—though such prices actually go into effect March 29.

Once in operation, the provision for using pre-Korea markups instead of "abnormal" Feb. 24 markups will produce some rollbacks—where margins were inflated—and some "roll-forwards" too. The increases will go to dealers whose markups were squeezed because they were still observing OPS voluntary standards when the Jan. 25 freeze hit.

• **Happy Dealers**—On balance, Price Stabilizer DiSalle thinks the rollbacks will outnumber the ease-ups, though many of his staff disagree. But the order was not supposed, primarily, to restore past price levels. Its aim was to stabilize retail prices at current levels—yet keep dealers relatively happy.

DiSalle says percentage margins won't be inflationary unless the lid is lifted on manufacturers' prices. Keep these down (the forthcoming manufacturers' pricing order is supposed to do that) and, he says, you can hold the line at the retail level.

Of course, there's no clear disposition to hold a rigid line. The wage order issued by Eric Johnston this week (see page 120) is proof of that. So CPR-7 is merely a means to control the pyramiding of manufacturers' cost increases by the retailer.

Study on Credit

Truman directs Treasury, FRB, CEA, and ODM heads to find way to curb private borrowing without raising interest rates.

Last week President Truman intervened again in the heated Treasury-Federal Reserve Board feud over the use of credit controls (BW-Feb. 10'51, p24). He directed a committee composed of Treasury's Snyder, FRB's McCabe, Chairman Keyserling of the Council of Economic Advisers, and mobilization chief Wilson to work out a way to curb private credit without upsetting the government securities market.

In other words, Truman wants to preserve cheap and easy money for the Treasury while tightening the credit screws on all other borrowers. To do this, he must find ways to tighten private credit that will not result in higher interest rates.

• **Plan From CEA?**—It's likely that the President's action came on the initiative of CEA, perhaps with an assist from Treasury. The general line of his directive was that a wider use of direct credit controls—rationing of credit as is done in the case of consumer and real estate loans—can restrain private borrowing. At the same time, this would leave the government security market free of restraints that would operate to push up interest rates.

• **First Round**—The President's latest move follows hard on his intervention only a month ago. Then, in a sensational series of conferences, press releases, and letters, he tried to lay down the law to FRB that he expected the board to fall in line behind Treasury's ideas.

His action didn't end the matter. FRB couldn't stop the expansion of private bank credit if it had to buy all government securities offered at fixed prices. Also, the President probably realized that he has no power, short of new congressional action, to prevent the Federal from acting to tighten credit if it decided to do so.

On another point the President indicated a change in his recent position. He wants the committee to explore the usefulness of higher bank reserve requirements. This notion has not appealed to Treasury and CEA since it would tend to tighten money and so raise interest rates.

As a part of its job, the President asked the committee to see what could be done to limit private lending by voluntary action.

• **More Power for FRB**—The new study group very likely will propose giving

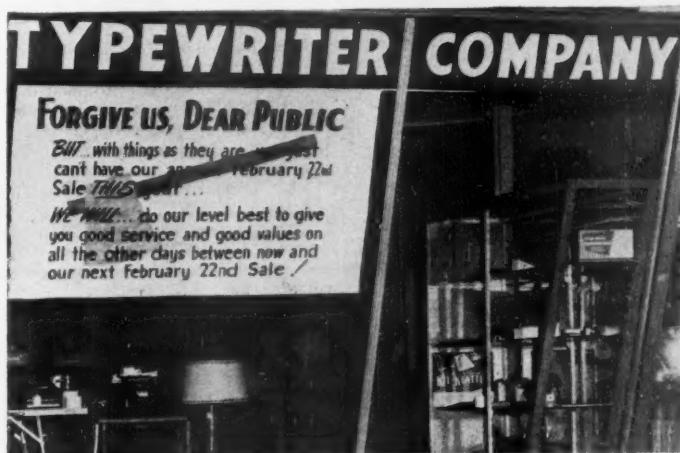
FRB more power to impose bank reserve requirements and to extend them to nonmember banks. But it is not likely that any new kind of direct control over business lending can be devised beyond voluntary cooperation on the part of the banks.

The committee may even reopen the question of whether to maintain present pegged prices on government securities or drop the pegs to some lower point or dispense with them completely.

• **New Factor**—Wilson is the new factor. Perhaps his opinion will be in-

fluenced by his associate, Sidney Weinberg, who is a man of extraordinarily wide financial experience (BW-Jan. 27'51, p89).

It could be influenced, too, by the report of the group that was named to study this subject earlier by Wilson's lieutenant, Eric Johnston. This committee of 15 economists, headed by Theodore Yntema, former University of Chicago professor and now financial vice-president of Ford Motor Co., could give Wilson the independent canvass of the subject it so badly needs.



THIS YEAR Stores in Washington, D. C., put signs in their windows apologizing for not holding traditional sales on Washington's Birthday.

D.C. Stores Break Sale Tradition



LAST YEAR Bargain hunters lined up the night before to get in on terrific reductions.

Up to this year, stores in the nation's capital have traditionally celebrated Washington's Birthday with big clearance sales and terrific markdowns. Newspaper ads the night before shouted bargains such as neckties at 10¢, dresses at \$1, fur coats at \$5. Government workers—all free for the day—came swarming.

Not so this year. For many stores there was no incentive to hold a big clearance sale. Goods were moving fast enough without one. One store, United Typewriter Co., for instance, put a big sign in its window (above) asking the public's forgiveness, explaining that "With things as they are, we just can't have our annual February 22nd sale this year."

United Typewriter put the sign up well before the 22nd to ward off any early queuers-up. Last year the store offered a limited number of reconditioned typewriters at a ridiculously low 98¢ per. Bargain hunters (left) camped on the doorstep the night before to make sure they would get in on the buy.

MRO DO's O.K.'d

Which in Washingtonese means you can write your own priority for maintenance, repair, and operating supplies.

You can now write your own priorities for MRO—the maintenance, repair, and operating supplies needed to keep your business going.

National Production Authority's long-awaited Regulation 4 gives every businessman—all manufacturing, distribution, or service enterprises—authority to place a DO (defense order) priority rating on his purchases of such items from suppliers.

The theory behind the order is a lesson that we learned in World War II: Our existing production and distribution facilities are the foundation of military and industrial might. Hence, the maintenance, repair, and operation of these basic facilities rate a higher priority on materials and components than other nonmilitary uses.

• **What It Covers**—NPA's Reg. 4 entitles you to use the DO-97 on MRO orders up to a dollar amount that's equal to the dollar total of MRO items you had delivered during the calendar year 1950—or during your fiscal year that ends nearest Dec. 31, 1950.

But you must set up your MRO operation on a quarterly basis. Your quarterly dollar quota of DO-97s is either (1) one-fourth of your calendar 1950 consumption, or (2) your consumption in the corresponding quarter of your base period. The second option is designed to take care of companies with wide seasonal fluctuations.

You don't have to use the DO-97, unless you want to. You can operate entirely outside the priority system, and, in that case, there is no limit on your purchases. But if you use a DO-97 to get any MRO item, then you have to charge all MRO purchases against your quarterly MRO quota.

• **Quarterly Quota**—To take advantage of the new regulation, simply write DO-97 certified under NPA Regulation 4 on your MRO purchase order. Within 30 days from the first time you do this, you have to write NPA what your quarterly quota is, how you arrived at it, the base period you are using, and any corrections you made for seasonal factors.

There's one exception to this: If your MRO purchases don't come to more than \$1,000 a quarter, you don't have to bother with figuring out a quota. You can use the DO-97, and no questions asked. There are special provisions for new business started during 1950.

New companies are permitted to buy

"the minimum amounts necessary for operation" up to \$5,000 per quarter. But if they are going to use more than this amount of MRO supplies, they must get an O.K. from NPA.

• **NPA Defines MRO**—Here's how NPA defines MRO:

Maintenance supplies are those necessary "to continue any plant, facility, or equipment in sound working condition."

Repair means "the restoration of any plant, facility, or equipment to sound working condition when it has been rendered unsafe or unfit for service by wear and tear damage, failure of parts, and the like."

Operating supplies are "any materials which are normally carried as operating supplies . . . materials incorporated in a product ordinarily may not be treated by the producer as operating supplies," but may be so treated under certain circumstances.

One thing to note carefully: The definition of MRO does not include the improvement of any plant or its equipment by replacing sound, workable material or equipment with new or different machines or gadgets.

NPA's order does, however, provide

for using the DO-97 to procure what it calls "minor items of capital equipment," where the total cost of a complete capital addition does not exceed \$750.

You should remember this, though: If you use a DO-97 to get a "minor capital addition," you have to charge this against your MRO quota—even though you can't count in such capital additions when you figure your MRO base. Hence, you're cutting down your MRO quota, in effect, when you use the DO-97 for a minor capital addition. However, those capital items you get without the DO-97 aren't chargeable against your MRO quarterly quota.

• **CMP Tie-In**—The MRO order isn't likely to be changed when a Controlled Materials Plan becomes effective July 1, as is now planned. Provision for MRO is one of the essential parts of any materials-control setup. The "100% of base period" level will probably be continued as long as possible.

The MRO order will be administered very liberally. If it works a hardship on you for any particular reason, ask NPA for a hardship ruling.

High Court Rule Hits

Utility Antistrike Laws

The 12 states that have laws restricting strikes and labor disputes in public utilities may have to give up the idea. The Supreme Court, in a six-to-three decision, this week threw out Wisconsin's utility antistrike law on the grounds that it invaded a field where the federal Taft-Hartley act applied.

• **Interstate**—Disputes affecting interstate commerce come under Taft-Hartley. And virtually all public utilities fit the National Labor Relations Board's definition of what affects interstate commerce. Last October NLRB decided, as a general policy, to take jurisdiction over all public utilities and transit systems.

As a result, the Supreme Court decision in the Wisconsin case may invalidate laws regulating public utility labor disputes in Florida, Indiana, Kansas, Massachusetts, Michigan, Missouri, Nebraska, New Jersey, Pennsylvania, Texas, and Virginia.

• **Laws Vary**—Not all the state laws go so far as Wisconsin's. Arbitration is compulsory in Wisconsin, Indiana, Florida, Michigan, Nebraska, New Jersey, and Pennsylvania.

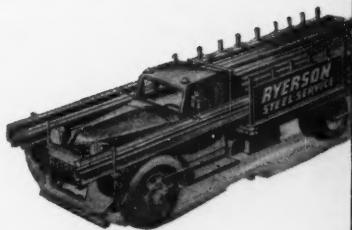
Taft-Hartley neither requires compulsory arbitration nor prohibits strikes. The unions, which have condemned Taft-Hartley as a "slave law," asked that the federal law be applicable in utility disputes so that they could get out from under the more restrictive state law.



'Copters in the Bag

Exhaust flames from Hiller-Hornet helicopter's ram-jet engines make this pattern, for all the world like the dust bag of a vacuum cleaner. Flash bulbs were fired three times while the helicopter rose 50 ft., with the camera lens open all the time. Engines are in the tips of the Hornet's 23-ft. rotor blade. The low-cost craft was given night demonstration at Palo Alto, Calif. Manufacturer says it can be stored in an average-sized garage without folding the rotors.

At right, one of the many building projects in the current Ryerson expansion program.



Procurement problems today but . . .

We're Building for the Future

Faster and better steel service is in the making at Ryerson. This big new addition to one of the thirteen Ryerson plants is part of an extensive program of expansion and modernization that's under way in Ryerson plants from coast to coast.

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prepared for the day when we'll again be able to furnish all the steel you need, when you need it. Meanwhile, call us—we'll help you to the limit of our ability.

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PLATES—Many types including Inland 4-Way Safety Plate

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BUSINESS BRIEFS



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Office Equipment, Systems
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Cincinnati 12, Ohio

Plans for octane ceilings on gasoline were scrapped by Petroleum Administration for Defense. Instead, it took steps to conserve tetraethyl lead by setting limits on the amount of the lead refiners can buy—about what oil people wanted (BW-Feb.10'51,p36).

The first continuous mill for rolling magnesium sheet will be built at Madison, Ill., by Dow Chemical. A major production advance, it will turn out in one day what used to take a week—and do it cheaper.

A decision on fair trade from the Supreme Court is now certain. It agreed this week to review lower-court rulings in the Schwegmann Bros. case (BW-Feb.10'51,p46). At issue: the validity of "nonsigner" clauses, which make price contracts just as binding on dealers who haven't signed them as on those who have.

Price rollbacks were announced by two companies for two different reasons. International Shoe went back about 7½% to its Dec. 9 level "to prevent a squeeze on retailers" until price laws are cleared up (page 10). . . . Avco's Crosley Division slashed tags on some television sets "to make them more competitive."

Du Pont's Fiber V finally got a trade name, Amilar. More raw materials to make it will come from an expansion of the company's Repauno plant at Gibbstown, N. J.

Carpet makers asked DiSalle's office to let them go ahead with a 15% price hike that was stopped by the freeze. Earlier, two major companies withdrew their lines until they got relief (BW-Feb.24'51,p113).

Persuasion—not punishment—will be the key to NPA's enforcement policy. The agency will work through compliance commissioners in Commerce Dept. regional offices. But only flagrant violators of materials and priorities orders will be hit with criminal actions.

More stress on research is behind the organization of a new policy committee at U. S. Steel. Manned by seven vice-presidents and top men from five subsidiaries, it will direct operations aimed at easing steel's mobilization problems.

Sales and earnings set records in 1950 for both RCA and Westinghouse. RCA profits topped the year-ago mark by 87%; Westinghouse net climbed from \$4.95 a share in 1949 to \$5.36.

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DEFENSE BUSINESS

Pentagon Switches on Aircraft

As plans for gradual buildup go overboard, Army pulls auto manufacturers into plane production. Regular aircraft manufacturers also face trouble over design changes.

Mobilization plans that the military worked out after World War II are today piling up in the Pentagon's wastebaskets. And the hardest hit by this sudden change in the script is the airplane industry—which for years has suffered from changes of the military mind.

Red China's move in Korea, of course, is directly responsible. For one thing, it turned a gradual mobilization into a much more urgent buildup. For another, the prolonged winter fighting has convinced some of the services the planes we have aren't what we want.

• **Autos Crowd In**—The aircraft industry got its first upset right after President Truman ordered plane output stepped up from about 260 planes a month to a potential of 4,000 planes a month by June, 1952. Then and there the Air Force and Navy juked the programs they had worked out for gradually broadening the industrial base. To get the mass production they needed, they turned to the mass-production experts—the auto industry.

And the regular aircraft manufacturers don't like it. Despite the fact that the companies are bulging with orders through 1953, they're plainly miffed that autos are on stage again, and center stage at that.

Beyond overall procurement, aircraft faces other trouble. There are already rumblings at the Pentagon that point to vast changes in the planes the military will order. The Army isn't happy—at all—with the kinds the Air Force has been buying.

• **Deficiencies**—While Korea is no accurate measure of U.S. air power, because of the lack of opposition, deficiencies of Air Force equipment have become glaringly apparent. The Army has made that clear to Air Force.

It's all very well for Air Force to push its prime mission of strategic air power to carry the war to the enemy, say Army strategists, but at the same time it has to come down out of the wild blue and fight for and with the doughboy.

For example, says Army, we need a different kind of transport—one that's designed for military use, not one that's built for commercial users and adapted later.

• **Hardier Types**—Transports have been designed to operate from plush air-

dromes with concrete runways and elaborate loading facilities. What we need, however, says the Army, are airplanes that can get into battle strips right up near the front lines—like those of Korea.

Last month, after the Korean lessons had made themselves brutally felt, Air Force issued a design competition for a real military-type transport. Specifications now in the hands of the industry are due back in Air Force headquarters Mar. 16.

The plane, said USAF, must be capable of carrying a 25,000-lb. payload from San Francisco to Hawaii. It must be able to land over a 50-ft. obstacle in 3,500 ft. and take off over a 50-ft. obstacle in 3,000 ft. Further, it must have direct access rear loading. Speed is not essential; a 250-mph. maximum was set.

• **Assault Craft**—Army also feels Air Force should have a tough assault type transport that can land men and equipment intact, after a short haul, right into an airhead. After long delay, USAF held an evaluation of assault-type transports. Chase Aircraft Co., West Trenton, N. J., won the evaluation hands down at Eglin AFB, Fla., in September. Despite urgent need by the Army, the Air Force shelved plans for ordering the Chase XC-123, until two weeks ago, when it told Army it would order something over 300 planes as a starter.

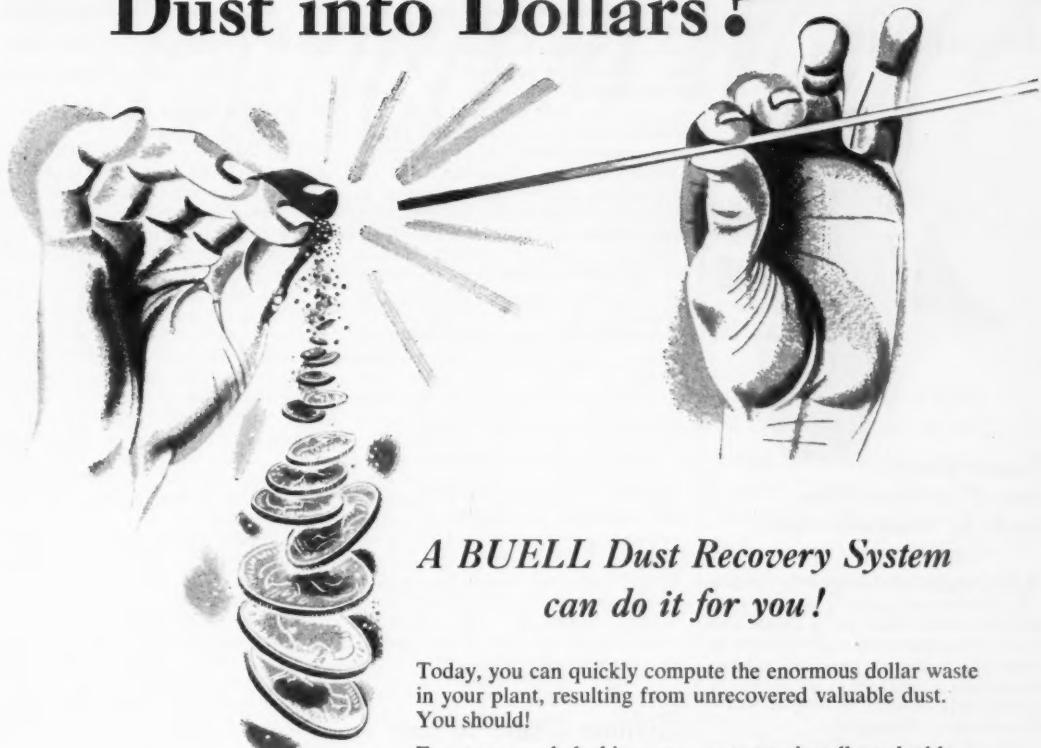
• **Jet Fighters**—Every armchair strategist in the country has fought the battle of the jet fighter versus the piston-engined fighter for tactical support of ground troops. The real fight, in the Pentagon, was over a tactical support plane's endurance capability. Army claimed the jet's ability to stay over the target area was dangerously deficient. If the slower piston plane could stay in the air longer, that answered the requirement, said Army.

Air Force countered that the primary function of the tactical fighter is its ability to live in the air; so AF is sticking to jets.

Army rebutted that ability of the plane to live in enemy air should be subordinated to providing tactical support.

How that dispute will end is still

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balloon

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unknown. However, USAF has asked McDonnell Aircraft Co., St. Louis, to build a turboprop-engined version of its XF-88 Voodoo fighter. The turboprop engine promises to provide a happy medium between the jet and the reciprocating powerplants.

• **Helicopters**—Helicopters are finally coming into their own, and heavy production is under way, with more expansion planned. This facet of the aircraft industry owes its life to the Army.

• **Convertaplane**—Ultimate answer to Army's need may be the convertaplane, which has had little publicity so far. This is a plane that would be able to take off and land vertically, hover like the helicopter, and yet offer the horizontal speeds of fixed-wing aircraft.

Air Force has agreed to match Army money in development of the convertaplane. Navy scoffs at the idea. Air Force has issued a design competition for such a craft, and its prototype is expected to fly in 1953.

Army, since the unification act of 1947, has been harassed by an agreement that it would leave development and purchase of fixed-wing aircraft weighing over 2,500 lb. and helicopters weighing over 4,000 lb. to the Air Force. Now the Army has received assurances that Air Force will cancel weight limitations. This will enable Army to develop planes to meet its own needs in the tactical field.

Civilian Users to Get More Synthetic Rubber

For the next four months civilian users will be getting 5,000 tons a month more rubber than they did in February. But the boost will all come in synthetic; National Production Authority hopes to cut civilian use of natural rubber from 27,000 tons in February to 25,000 tons in March.

• **Item Limitations**—To reach that goal, NPA has set limits on the use of natural rubber in some 1,400 items. None can be used in many items, such as passenger car inner tubes, small truck tubes, and floor tile.

For the majority of items, the order sets a percentage limit on natural, ranging from 95% on heavy tires down to 10% on rubber erasers. For light passenger car tires the limit is cut from 35% to 15%.

NPA sent the full list of limitations to 800 rubber companies before the order went into effect. At the same time came the good news on synthetic. Increased output will make about 90,000 tons a month available to civilian users in the next four months. But growing industrial needs for molded products, belts, and hoses may bring further restrictions on consumer goods.

More Freighters

**Maritime Administration
dickers with four shipbuilders
for construction of another batch
of speedy cargo carriers.**

The Maritime Administration is negotiating with four more shipbuilders firms for a second instalment in its fast cargo ship program. Contracts for the first 25 of the new-type freighters were awarded to five shipyards last month (BW—Feb. 17 '51, p34).

MA's talks have a double purpose: (1) The agency wants to reactivate some of the government-owned shipyards—particularly those on the West Coast; and (2) it wants to scale down the original bids of Kaiser-Frazer Corp., Gulf Shipbuilding Corp., New York Shipbuilding Corp., and Bethlehem Pacific Coast Steel Corp. These four companies lost out on the first batch of contracts because their prices were too high.

MA still has more than \$100-million left over from the \$350-million granted by Congress for the ships. To get quick delivery and to spread the work, it is limiting each yard to five ships.

• **K-F Bottleneck**—The agency is especially interested in having K-F build four or five vessels at the government's yard at Richmond, Calif., and another four or five at the Vancouver (Wash.) yard. But first off, it has to get K-F to reduce prices to somewhere near the highest bid accepted in the bidding for the first 25 ships.

K-F offered to build four ships at Richmond for \$10,370,056 each, or five for \$9,882,352 each. It would also build four at Vancouver for \$10,390,671 each, or five for \$9,917,218. But in addition, K-F added a flat fee of \$2.7-million for opening up the Richmond yard, and \$2,330,000 for the one at Vancouver.

MA negotiators aren't finding it easy to talk K-F down. The firm figures that costs will be high in yards dormant since World War II. Meantime, California congressmen are pressuring MA for action on West Coast shipyards.

• **Some Progress**—Maritime Administrator E. L. Cochrane had some quick success in persuading Bethlehem (Quincy) and Sun Shipbuilding Dry Dock Co. to lower their prices. Cochrane promised them that, if any of their subcontractors upped their prices, the government would absorb the increase. Other bidders may insist on more attractive terms.

One thing Cochrane wants to know is: Do the higher bids reflect higher costs or merely a desire for higher profits than the firms which submitted the low prices?

Buried in work?

Are defense orders causing you to worry about "bread-and-butter" business? Do you need to get more out of your existing manpower? Then you need modern machine tools!

No matter what the age of your present machines, a new Jones & Lamson machine may increase your production enough to pay for itself in just a few months.

Example: A \$5,150 investment in Jones & Lamson Optical Comparators returned to one company a \$12,000 annual saving!

Another: A major manufacturer replaced 6 machines with 3 new Jones & Lamson Universal Turret Lathes — the saving, in one year, was 131% of the total investment!

Let Jones & Lamson help you get the most from your turning, threading and inspection operations.



Turret Lathes—Fay Automatic Lathes—Thread Grinders—Optical Comparators—Threading Dies

**JONES &
LAMSON**

MACHINE COMPANY
Springfield, Vermont, U.S.A.



MACHINE TOOL CRAFTSMEN SINCE 1835



This Firefighter can be two places at once!

You can protect several danger spots at one time with a Kidde built-in carbon dioxide fire extinguishing system.

Widely separated fire hazards...even on different floors can be protected by a single Kidde system. If fire strikes a protected space, directional valves rush fire-smothering carbon dioxide gas to the stricken area. The same CO₂ can set off mechanisms to shut doors and windows . . . turn off fans and machinery.

After doing its job, the clean, dry CO₂ evaporates completely. Whatever your fire detection and protection problem may be, a Kidde expert will be glad to help. When you think of CO₂ call Kidde.

Kidde

Walter Kidde & Company, Inc., 325 Main Street, Belleville 9, N. J.
In Canada: Walter Kidde & Company of Canada, Ltd., Montreal, P.Q.



NSRB CHIEF Symington has finished his job. Now Washington wonders about . . .

Planner's Plans: Baseball or Uncle Sam?

What's happening to W. Stuart Symington? Where is he headed? What is he up to?

These questions about the chairman of the National Security Resources Board provided Washington with its mystery of the week. NSRB's job of short-range supply planning is done. Mobilization chief Charles E. Wilson has taken over. Long-range planning is in the hands of a five-man commission, headed by William S. Paley, Columbia Broadcasting System's chairman. NSRB is retrenching; it will soon be down to a payroll of 22 hired hands.

• **Batter Up**—Sports pages last week were batting around a rumor that Symington might be commissioner of organized baseball. The dopesters, however, were betting on a new high-echelon government post—maybe sharing with W. Averell Harriman the job of coordinating industrial, economic, military, diplomatic, and foreign aid activities. A dozen or more former NSRB henchmen, now back in private industry, are on notice that their old chief may tap them again.

A New England-born Democrat, 49-year-old Symington calls himself a businessman in government. His Washington jobs included surplus property disposal chief and Air Secretary. He was a teen-age artilleryman in World War I. Some courses at International Correspondence Schools (page 42) rounded out a Yale education. His uncle's Symington Companies, Rochester, N. Y., gave him his start in business. In 1938 he became president and board chairman of Emerson Electric Mfg. Co., St. Louis.

What it takes to equip a soldier for battle!



All this for one soldier? Then imagine the raw materials it will take to equip over 3,000,000 fighting Americans with everything they need . . . their training, their guns, their tanks, their planes, their battleships . . .

Yet raw materials can't equip a G.I. or win a war.

It also takes *skill and speed* in forging the weapons of war. In peace, this skill and speed are the strength and well-being of American business . . . of American workers. In war, this skill and speed may well be the security of our nation.

AMERICAN MACHINE & FOUNDRY COMPANY
Executive Offices, 511 Fifth Avenue, New York 17, N. Y.

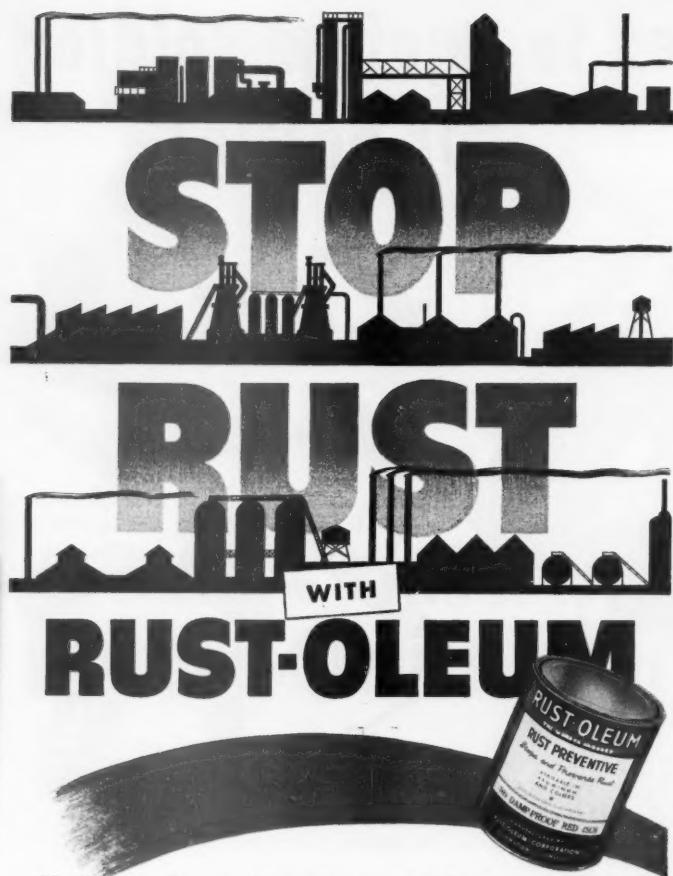
AMF does it better—automatically!



CREATORS AND PRODUCERS OF ELECTRONIC AND MECHANICAL EQUIPMENT

For the armed services: Antennae and drive units for radar systems • automatic loaders for antiaircraft and naval artillery • elevating and azimuth mechanisms • tank engine cooling systems • airplane parts • mobile ovens • electronic training devices • naval ordnance • various special military developments.

For industry: Tobacco processing equipment, cigarette and cigar making machinery • bakery ovens and machinery • automatic pinspotters, bowling equipment and supplies • DeWalt power saws • Lowerator Dispensers • batch and continuous mixers • stitching machines • Wahlstrom automatic chucks and tappers.



Why let rust—the most destructive enemy of American Industry—rob you of expensive, hard-to-replace machines, tanks, stacks, fences, pipe, metal sash, fire escapes, and other valuable equipment? Use RUST-OLEUM in your plant to protect your property. For 25 years RUST-OLEUM has proved its capacity to stop rust for many nationally known manufacturers. Its tough, pliable, rust-resisting film gives excellent protection that prevents rust losses under many difficult rust-producing conditions—salt air, dampness, industrial fumes, and general weathering.

RUST-OLEUM can be applied even over rusted surfaces. It is not necessary to remove all the rust. Just remove scale and loose rust by sharp scrapers and wire brushes. You save time and labor on maintenance because no chemical precleaning or sand blasting is usually required.

A qualified RUST-OLEUM specialist will be glad to survey your rust problems and help you develop a program of plant-wide rust control to defer many costly replacements—to conserve the available supply of new metal for national defense.

Industrial Distributors in principle cities of the United States and Canada carry complete stocks for immediate delivery. Plan your needs—order now! See our complete catalog in *Sweet's* which also tells the nearest source of supply. Or, write on your company letterhead for full information.

RUST-OLEUM CORPORATION
2423 Oakton Street, Evanston, Illinois

**Beautifies as it
PROTECTS**
**Available in many
COLORS,
Aluminum and White**
"Rigid Economy, Men!"

DEFENSE BUSINESS BRIEFS

X-ray equipment makers heard good news about aluminum supplies from NPA, but countered with a list of other shortages. Future worries are kovar (a cobalt alloy), copper nickel, and silicon steel; present difficulties center around relays, circuit breakers, resistors, ball bearings, and leaders.

Platinum ban: NPA is considering an order barring use of the metal in jewelry, to make it available for chemical and electrical industries. Jewelers can substitute palladium, NPA indicated. Palladium is not in too short supply.

Boilermakers wailed to NPA that they have been reduced to 75% of capacity by shortages of steel, stainless steel, chrome-molybdenum and chrome-nickel alloys. NPA didn't say no on possible special orders to relieve the situation.

Paper problems: The pulp, paper, and board industry has been warned by NPA that pulp imports may decline and chemicals for paper making may be harder to get. NPA said more pulp may be cut in national forests, recommended greater use of pyrite as a substitute for sulphur.

Telephone makers have asked for DO orders for copper, zinc, and nickel. NPA replied that the best it could offer was action under the "undue hardship" provision. DO ratings are being held to a minimum, while CMP plans are drafted.

Wool controls were discussed as a possibility at an NPA-industry meeting. The industry asked for larger wool imports. Defense orders are taking about 35% of the industry's output.

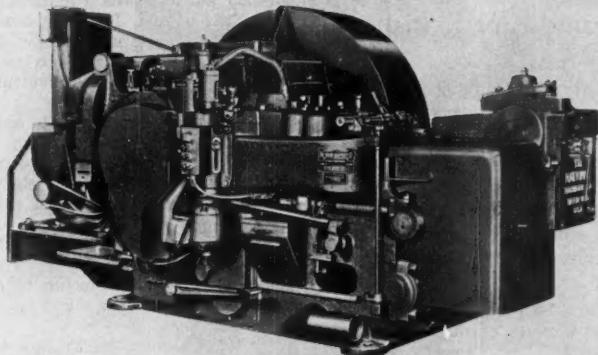
Aluminum windows and air ducts are out after June 30. The same NPA order cut the amount of aluminum for these purposes in the March-to-June period to 65% of the rate used in the first half of 1950.

Tungsten shortage may halt manufacture of electronic tube components and lamp filaments, the industry told NPA. Manufacturers can't get tungsten; molybdenum, a substitute, is almost as scarce. NPA said a forthcoming tungsten allocation order should ease the situation.

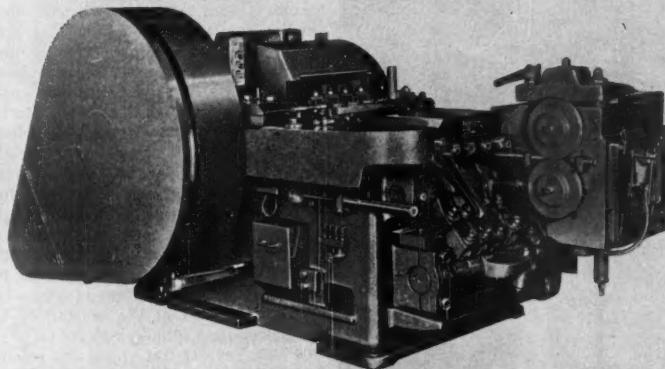
War orders piled higher for the auto makers: Ford will build the 14,000-hp. basic J-40 Westinghouse jet engine; it has a letter of intent for \$7-million in ammunition parts. Chevrolet will make the Allison J35-A23 jet engine.

PROGRESS IN FASTENERS...

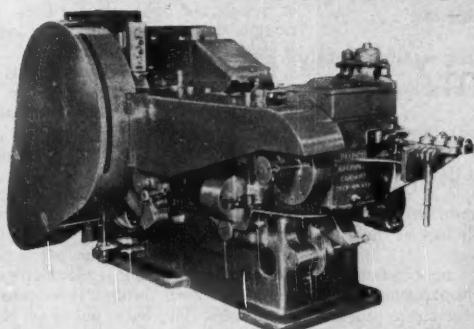
Record-Shattering Million Tons Shipped Last Year!



BOLTMAKERS are producing finished bolts, cap screws, and a variety of other work, by combining extrusion, upsetting, trimming, pointing, and thread rolling—all on one machine!



NATIONAL NUT FORMERS incorporate the National-developed method of cold-forging nut blanks. These machines are recognized for their ability to produce blanks of outstanding quality at high efficiencies.



Rugged, dependable **NATIONAL COLD HEADERS** are producing a wide variety of work to dial-indicator exactness at high speeds. Machines feature ease of set-up and low-maintenance cost.

The American Fastener Industry shipped 1,000,000 tons of fasteners in 1950 . . . more than in any previous year.

NATIONAL is proud of the part that the methods and machines which it has engineered and developed, have played in this accomplishment.



NATIONAL HIGH SPEED PRECISION NUT TAPPERS automatically tap nuts to close fits. Operating advantages include new high speeds, unexcelled accuracy, long tap life, quick tap change, and built-in safety devices.

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MACHINERY COMPANY
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DESIGNERS AND BUILDERS OF MODERN FORGING MACHINES—MAXIPRESSES—COLD HEADERS—AND BOLT, NUT, RIVET, AND WIRE NAIL MACHINERY

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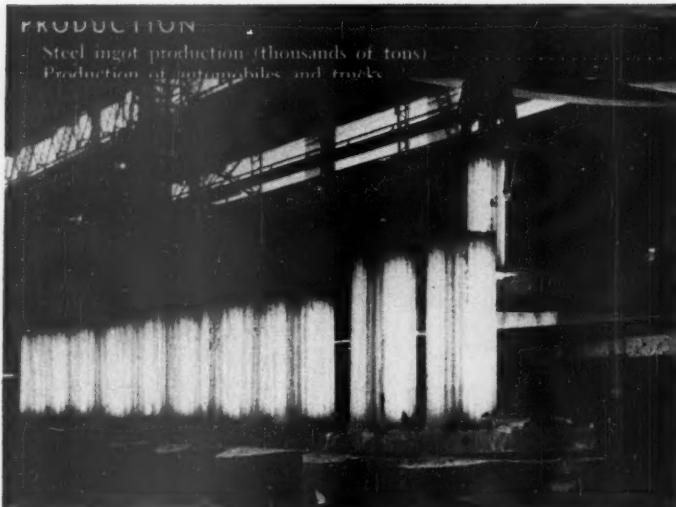
Chicago

FIGURES OF THE WEEK

ABC of What's Behind Some Key Statistics

In the Readers Report department (page 87) of this issue, a reader asks help in understanding and interpreting some of the statistics BUSINESS WEEK publishes every week on page 13. He says he understands production and price figures well enough, but is baffled by the inner meaning of "money in circulation," "prime commercial rates," and the like. We think reader Taylor has a good point; and we suspect some subscribers, to whom banking terms are crystal-clear, might be hard put to explain the exact meaning of "crude oil and condensate (daily average, 1,000 bbl.)" or "wheat (No. 2, hard winter, Kansas City, bu.)."

With this issue, BUSINESS WEEK begins a series of articles exploring in turn each statistical measure on our Figures of the Week page.



CRANE is shifting metal columns into soaking pits—main habitat of . . .

Ingots: Why Count Them?

A steel ingot is a piece of metal that can weigh anywhere from 5 to 30 tons, comes in a variety of sizes and shapes, ranges in color from red through mottled pink and gray to dull gray, and is miles from being anything you can use.

But if you want to know how the steel industry—and indirectly, the entire economy—is doing, you usually can find out by taking a look at steel ingot production. And if you want to look at steel ingot production, you generally look at figures put together by American Iron & Steel Institute.

The people who make the statistics at American Iron & Steel Institute, however, rarely look at the ingots themselves. Very few people at steel mills where they are made ever look at them. In fact, very few people look at them at all.

• **What Is It?**—The ingot gains its statistical importance from the fact that it is the first point in the entire process from the iron ore mine to the consumer that you really have steel. And if you are going to measure steel production, you might as well do it right away.

That raises the question of what is steel and how does it differ from iron.

Steel is often defined as iron with a certain percentage of carbon added or removed. But actually it is possible to produce steel and iron with almost identical ingredients.

Probably the safest way to distinguish the two is in terms of their internal structure. That is, the molecules of iron, carbon, and whatever else you add are arranged in a different pattern in steel from what they are in wrought or cast iron. That means that they will machine, bend, or weld differently.

The practical distinction then is simply this: Steel acts one way, iron another.

• **Big Chimney**—Here's how the steel ingot got that way: It started out as some iron ore up in Michigan, Minnesota, New York, or maybe even as far away as Venezuela. The ore, which is mostly an iron oxide, came to a mill where it went into a blast furnace, along with limestone and coke. The blast furnace itself, according to one man who works around them, is nothing more than a "great big chimney" with a bunch of cylinder-like stoves nearby.

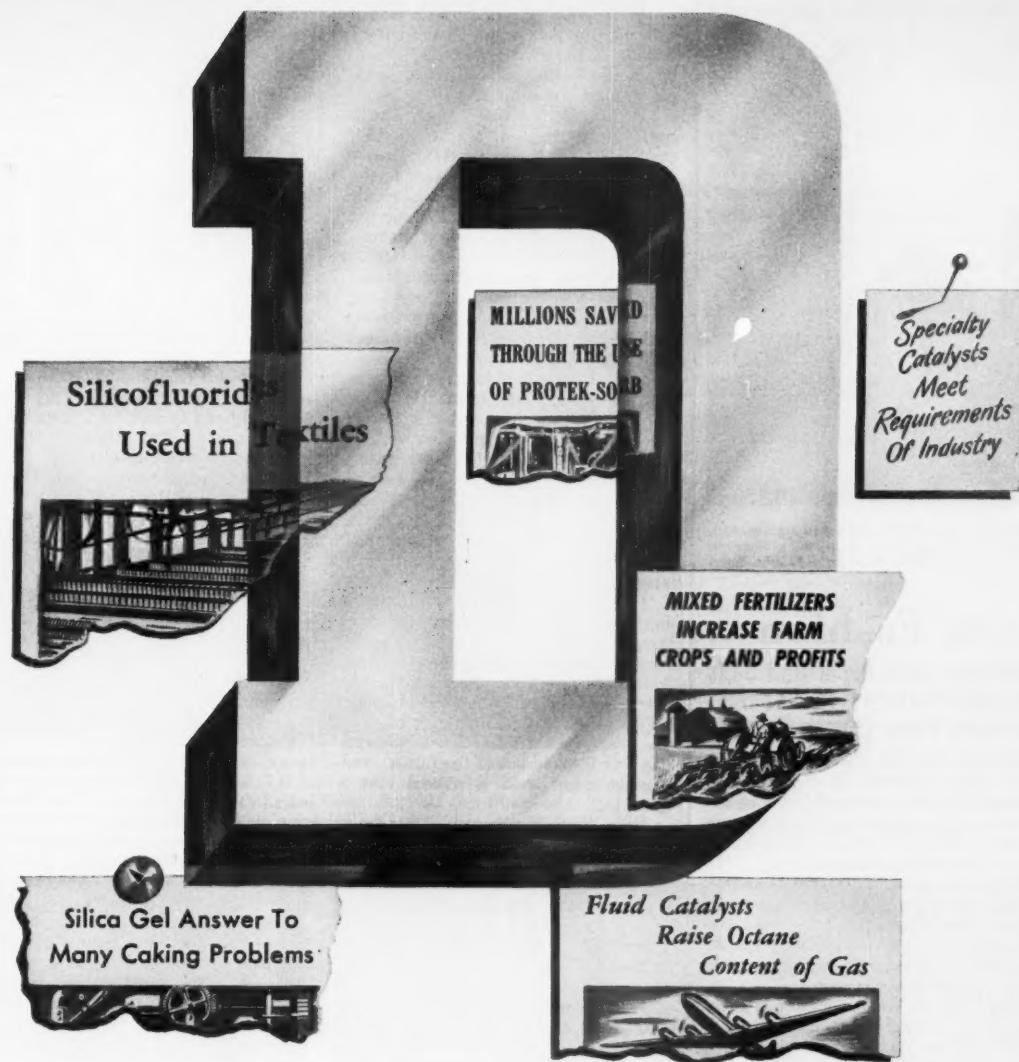
The stoves heat air, which is blown through the furnace. That's where the word blast comes from. The air heats the coke, which gives off carbon monoxide, which combines with the oxygen in the iron oxide and leaves iron. The limestone mixes with other impurities in the ore and floats them to the top of the brew in the form of slag. The iron is run off at the bottom of the furnace into a mobile ladle.

• **Not Yet**—At this point, the product is fairly pure molten iron—it's still not a steel ingot. If the iron is poured into molds and cooled, it becomes pig iron. They call it that because in the old days the molten metal was cast in rows of troughs cut right into the floor. The troughs were supposed to have looked at least a little like suckling pigs.

If you still want to draw a line between iron and steel, then this is the point at which the actual steel-making process begins. And from here on, conversion of the pig iron into steel can go in two different ways.

• **Big Blow**—The Bessemer converter is the oldest commercial steel-making process. It is a big tilting pot with air holes in the bottom. The pot is filled with molten pig iron, is tilted upwards, and air is blown through it for possibly 15 minutes. This burns out much of the carbon and other impurities, but leaves enough carbon to make the kind of steel you want.

The other method is the open hearth,



Planes, powered by high octane gasoline, flying to all corners of the earth . . .
vital chemicals and pharmaceuticals, protecting the health and welfare
of the universe . . . abundant crops,

Recognition
feeding the people of the world . . . these and many
more are acts which receive "rave notices" in
the drama of chemistry as staged by Davison.

"Progress through Chemistry"

THE DAVISON CHEMICAL CORPORATION
Baltimore 3, Maryland

PRODUCERS OF: CATALYSTS, INORGANIC ACIDS, PHOSPHATES, PHOSPHATE ROCK, SILICA GELS, SILICOFLUORIDES AND FERTILIZERS



Smart and smartly dressed Jobyna Rankin, 17-year-old Tracy, Iowa, farm girl, makes her own dresses, models them in 4-H club fashion revues.

Farm Fashions..

Midwest Farm Paper Unit Sells 400,000 Patterns to Fashion-Conscious Farm Women Readers

Dress pattern sales of Midwest Unit Farm Papers furnish proof that these five locally-edited farm publications enjoy an acceptance among farm women of the Midwest 8 states unknown to any of the national magazines.

Sales total close to 400,000 annually, an average of one pattern for every three of the Midwest Unit's 1,267,706 subscribers . . . higher than any known magazine of any kind, including those edited exclusively for women.

Further proof of the impact of Midwest Farm Papers is contained in a recent survey showing them to be a better than 3-to-1 choice over any national farm magazine. As the source of information "depended upon most," the Unit—one order, one plate at a substantial saving in rates—is your best advertising buy for reaching the world's richest farm market.

MIDWEST Farm Paper UNIT

The Farmer (Minnesota and the Dakotas)

Wallaces' Farmer and Iowa Homestead

Wisconsin Agriculturist and Farmer

Nebraska Farmer

Prairie Farmer (Illinois and Indiana)

Offices of Midwest Representatives

250 Park Avenue, New York . . . 59 East Madison Street,
Chicago . . . 542 Center Building, Detroit . . . Russ Building,
San Francisco . . . 1324 Wilshire Boulevard, Los Angeles.

which is a big boxlike furnace loaded with pig iron and scrap. (A third steel-making method is the electric furnace, but here the charge is all steel scrap; pig iron isn't used at all.)

Of the three methods, open hearth turns out better than 90% of all steel, and Bessemer and electric furnace divide up the rest. Bessemer is the fastest way, but the quality is generally not so high as the others. The electric furnace turns out the highest grades—stainless, tool, and heat-resistant steels—although some open-hearth men claim they can make anything in their boxes that an electric furnace can produce.

• **Big Load**—An open hearth turns out up to 235 tons of steel at a time, so feeding it is a big job. A one-man machine does most of the work. Pig iron, scrap steel, and some limestone are loaded into heavy steel boxes about 7 ft. long. These are placed on cars and moved in front of the furnace. Then the charging machine comes along, thrusts out a long rod that takes hold of each box, shoves it into the furnace, turns it over to dump it, then drags it back out.

The bubbling, boiling cauldron is heated for several hours—while the limestone combines with some impurities to form floating slag, and while others are burned off. Then comes one of the big dramatic moments in the steel industry, which no visiting fireman ever misses—the tapping of the heat. That's when the cork is taken out of the furnace and the white-hot mass is poured into a giant ladle.

• **Now**—With the next step, the statistic is made. The big ladle is lifted over a row of heavy bottomless steel tubes standing on small cars. The cork in the bottom of the ladle is opened, and hot metal flows into each of the molds. Every time a mold is filled, an ingot is born.

The shape and composition of an ingot is varied according to what steelmakers want to do with it. The same is true for composition. The ingot has all the ingredients that the final product will have. Copper and nickel are added to the metal while it is still in the furnace. All other alloy materials—molybdenum, manganese, vanadium, chromium, etc.—are mixed into the molten stream as the furnace is being tapped.

• **Remake It**—Once the ingot is made, the immediate problem is to turn it into something else as soon as possible. So it goes to the stripper to have the mold taken off. But by this time, the ingot has begun to cool. Its surface may already be graying on the outside.

But unless there is a breakdown somewhere, it will never be allowed to cool completely. It goes from the stripper to the soaking pits. These are large holes into which as many as a dozen ingots are placed at a time. But there's

no water or acid or any other liquid in the pits—as the adjective "soaking" would imply. The ingots in them are soaked in heat.

• **Through the Wringer**—Once the ingots are properly cooked, they are ready to use. That generally means they go to a rolling mill of some kind. A rolling mill roughly—very roughly—resembles a washing machine wringer. And what happens to the ingot in the mill roughly approximates what would happen if you put a pound of putty into a wringer. The ingot is put back and forth through the rolls, flipped over, held in place, until it reaches the desired size and shape for further working.

• **Back to the Mouth**—But one thing is certain—a lot of it will wind up in a steel mill again in one way or another. Electric-furnace steel is made entirely from steel scrap. A good share of the charge in an open hearth is scrap, too. Besides that, probably more steel is used to build steel mills than any other kind of installation.

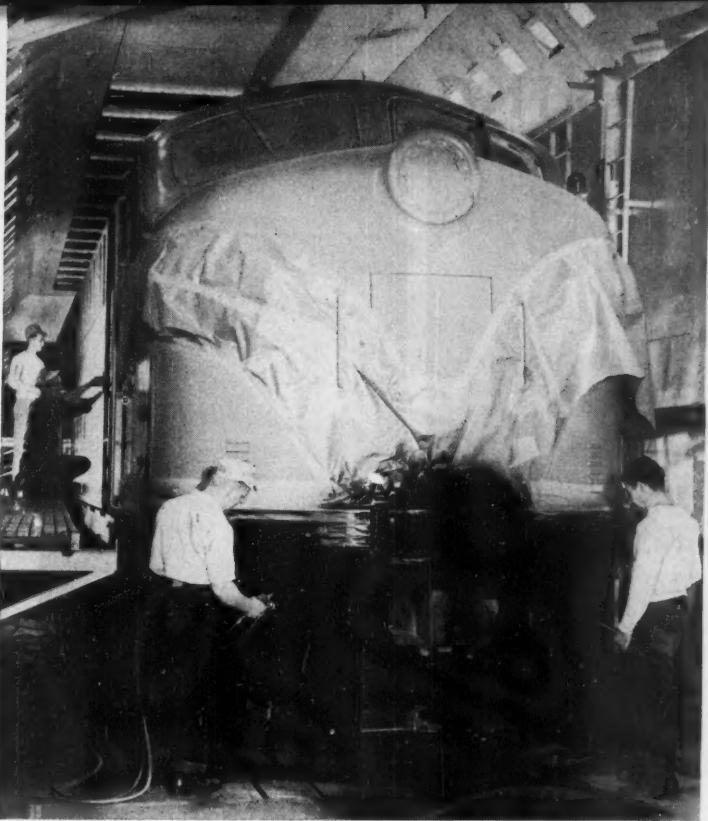
• **Into the Books**—By this time the ingot has already been immortalized into a statistic. At the beginning of each week, steel companies report their anticipated operations, in terms of net tons, to the American Iron & Steel Institute. The institute then figures out the percent of total ingot capacity that this represents. (This is what BUSINESS WEEK has reported in its Figures of the Week up to now.)

When a company works out its estimated capacity each year, it first allows a leeway of anywhere from 8% to 12½% of maximum output for breakdowns, strikes, etc. So it's possible that the percent-of-capacity figure may run to more than 100% during a good week—if the producers are lucky enough to be able to use both normal capacity and leeway, too.

• **Switch**—This week BUSINESS WEEK switches from reporting percent of capacity in its Figures of the Week to reporting net tons of ingots produced. Here's why:

Steel production is the major indicator for all metalworking industries, which make up something like 40% of the total U.S. economy. So during normal times if you knew how much of the steel industry was operating, you had a pretty good idea of demand from steel users. And you could project this into a picture of how near capacity everybody was working.

But today there isn't any doubt about demand for steel—users are buying all that's made. The question now is one of supply. And you can't tell that from capacity percentages, especially when capacity itself keeps changing—as right now when the industry is expanding fast. How much steel is there? Take a look at Figures of the Week.



STREAMLINED FINISH TO KEEP THAT OUT-IN-FRONT LOOK

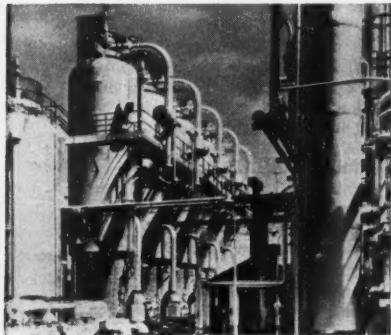
**DUCO and DULUX Railroad Finishes—typical
of the 12,000 Du Pont finish formulas
working for industry today**

- Railroad men know that it's smart public relations to keep passenger trains smartly finished at all times. That's one reason why 85% of America's leading railways use Du Pont Railroad Finishes on passenger-train equipment today.

Every DU CO and DULUX Railroad Finish is specially formulated to stand up to the rough treatment railroad equipment undergoes . . . retain gloss and color despite exposure to smoke, fumes, cinders, hard knocks and weathering. They are outstanding examples of the more than 12,000 finish formulas Du Pont paint chemists have developed in collaboration with industry—for industry.

Whatever your problem involving finishes—reducing manufacturing or maintenance costs or improving the appearance, durability or sales appeal of your product—contact the Du Pont sales technician in your area . . . or write E. I. du Pont de Nemours & Co. (Inc.), Finishes Division, Wilmington 98, Delaware.

STANDARD BEARER FOR THE LINE! The appearance of a locomotive reflects on the organization behind it. The colors and insignia it carries immediately identify the line. With quick-drying Du Pont DU CO Top Coats, this giant Diesel locomotive can be finished in many different colors in one day—colors that keep their sparkle through long periods of constant exposure.



ACRES OF STEEL SAFELY PROTECTED! To fight rusting of metal surfaces . . . to protect the huge capital investment that oil refineries represent, oil men count heavily on DULUX Metal Protective Finishes. The DULUX Primers are formulated to resist rust chemically, in addition to providing a fine base for finish coats. The DULUX Top Coats form a highly effective physical barrier to moisture.



GUILLOTINE FOR FINISHES! The Impact Tester, which resembles a guillotine, is one device Du Pont paint chemists use to develop finishes with exceptional impact-resistance. A trigger is tripped and a heavy weight is sent crashing down on a painted metal test panel, severely denting it. Thus, the effect of shock on the flexibility and adhesion of the paint sample is observed and comparison can be made with standards of highest quality.



SEWING UP SEWING MACHINE SALES! Like so many other manufacturers, makers of sewing machines find that sales go up when the natural beauty of fine wood is enhanced with Du Pont Furniture Finishes. The soft, luxurious sheen they provide makes women want a sewing machine as a piece of furniture as well as an aid to homemaking. What's more, the finish stays beautiful for years.



DEPEND ON DU PONT FOR BETTER FINISHES

PAINTS • LACQUERS • ENAMELS • VARNISHES • THINNERS • STAINS
AND SPECIAL-PURPOSE FINISHES FOR INDUSTRY DU CO and DULUX are Reg. U. S. Pat. Off.

BETTER THINGS FOR BETTER LIVING...THROUGH CHEMISTRY



**Your Hand Will Tell You
ALL-WEATHER
MOTORS
ARE GOOD!**

• You can tell at a touch that R & M All-Weather Motors are quality through and through. Their long-lasting, smooth-running cool operation speaks out for the parts you can't see.

It says wire sizes have not been skimped . . . here's insulation you can trust . . . this high-velocity, end-to-end ventilation leaves no dead areas . . . these extra-wide ball bearings go for years without attention.

R & M All-Weather Motors are built to beat high maintenance. Write for folder B400W.

**PROTECTED FROM MOISTURE
—INSIDE AND OUT**



You can install All-Weather Motors where it's dry, dusty, damp—even outdoors, without a cover. Exclusive special treatments shield whole motor from damage by moisture. Terminal box is gasketed. Lead-ins are sealed at shell. End-heads—with openings screened against entry of snakes, mice, or debris—give motor full-height protection. See your Telephone Red Book for your R & M Motor Distributor.

ROBBINS & MYERS

Springfield 99, Ohio • Brantford, Ontario
MOTORS • FANS • HOISTS • CRANES • PUMPS

TRAINING



FACULTY Two of ICS' 75 instructors check drawing mailed in by student in drafting course.



STUDENTS Row-on-row of file cards, grouped by states, record progress of 150,000 students.

Industrial Training As You

International Correspondence Schools starts new plan to train workers. Company sets up course; ICS teaches it.

A defense contract is a fine thing if you have the skilled workers to turn out the goods. But that's just what a lot of companies don't have. More than one industrialist with an order from Uncle Sam has had to shift veteran employees to new types of jobs and hire green workers besides. Both veterans and fledglings are likely to need training—and in a hurry.

This situation is meat for International Correspondence Schools, at Scranton, Pa. For 60 years, ICS has offered courses to men who want to learn more about their jobs—or better jobs. Now it has tailored a new plan to fit the needs of hurry-up mobilization. ICS calls this venture its Selective Plan. School officials describe it as something of a revolution at ICS.

• **Old and New**—The standard ICS course follows orthodox academic lines. The student picks any one of the 400-odd courses the school offers. The courses are laid out by the school; the student takes the one that fills his bill.

Under the new plan, the student's employer, not the school, is the boss. In effect, the plan makes available to a company ICS' entire library of 2,000 texts covering all trades and technology, plus ICS' complete staff of some 75

instructors. The company decides what's to go into the course to fit its own special training needs. It may make the course as long or as short, as hard or as easy, as it wants.

So it's not the student who enrolls; it's the client company. ICS instructors correct, grade, and make comments on test papers that the company sends in to ICS headquarters, just as they do in the regular courses. But the instructors don't know who the students are. It's up to the company to follow through with student guidance.

• **The Boss**—It was Lawrence W. Tice (cover), 47-year-old president of ICS, who alerted the school to the need for some such emergency plan. Tice has headed up the school—and its parent, International Textbook Co.—since October, 1949. The tall, big-boned Wisconsinian is an ICS man of long standing, and his interest in the business of education is of even longer standing. He got his M. A. in education—including educational guidance and personnel—to add to his B. S. in industrial engineering from the University of Wisconsin. For a while he was on the faculty at Wisconsin, and part-time instructor in the engineering shop.

From 1929 to 1934 Tice was sales



LIBRARY Text pamphlets are stacked in mail room, sent out as fast as students complete preceding texts.

Like It

representative in the education department of McGraw-Hill Publishing Co. In 1935 he switched to International Textbook Co. His progress at ICS was rapid. By 1949 he was executive vice-president, took over the top job upon the retirement of Ralph E. Weeks. When Koren came, Tice set his staff to work, and the Selective Plan was born.

• **Money Spent**—The registration fee for a Selective Plan course is the same as for a standard ICS course: \$35. That covers the entire group that takes the course at any one plant. As long as one student does at least one lesson a year, he's covered by the \$35 registration. Besides the registration fee, there's a charge of \$4.50 per student for each lesson ordered.

The company may not save any money by using the Selective Plan. Westinghouse Electric Supply Co., New York City, one of the first companies to sign up with ICS for such a course, figures it may save \$15 per man on a 10-lesson course for 87 men. But that saving, it says, may be pretty well wiped out by the cost of extra administration and paperwork that Westinghouse must put into the training project.

For it's a part of the plan that the client company must appoint one of its own men as ICS project director. He has to choose the texts, get them, farm them out to students, collect all written work, forward it to the school, keep

THE lower cost heavy oils (Nos. 5 and 6) actually are as much as 12 per cent higher in heat value than the higher priced, lighter grade oils.

Here is a double-barrelled opportunity to cut fuel costs—providing you can fire the sluggish heavy oils with the same steadiness and dependability that you expect from ordinary burner oils.

With the Iron Fireman Rotary oil burner you can do just that! Changes in the

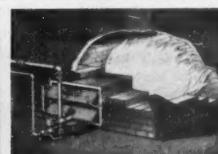
Iron Fireman firing equipment for heating, processing and power



Iron Fireman Coal-Flow Stoker
Feeds coal direct from bin. No coal handling. Synchronized coal and air supply automatically adjusted to boiler load at all times.



Iron Fireman Pneumatic Spreader
Sprays coal on shallow fuel bed. Highly responsive to load demands. Burns low grade coals efficiently. Capacities to 1,000 boiler h.p.



Iron Fireman Commercial Gas Burner
Radiant in-shot (Illustrated), ring and vertical types. Efficient and very flexible in operation. Easily installed. Capacities to 400 b.h.p.



IRON FIREMAN

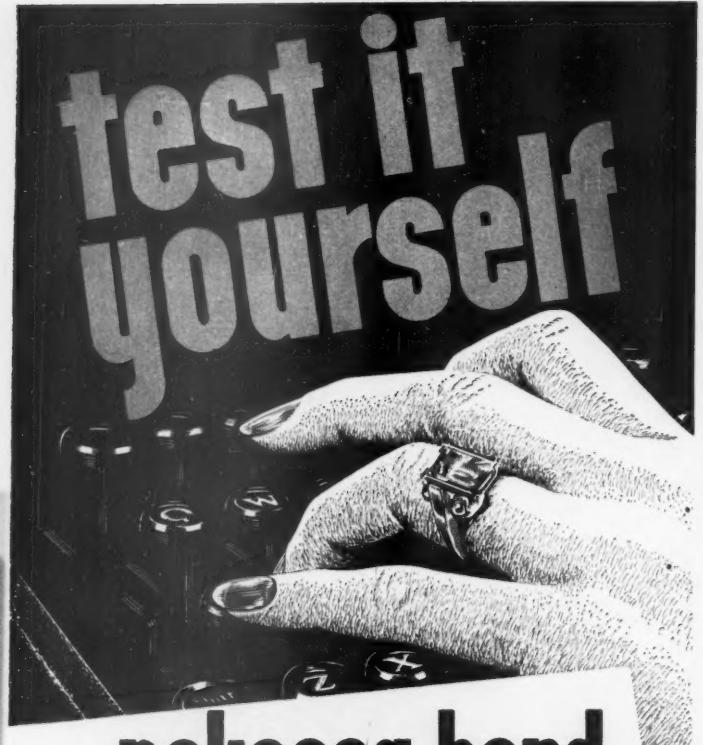
IRON FIREMAN MFG. CO., 3124 W. 106th Street, Cleveland 11, Ohio. Send literature:
Let Iron Firemen engineers help decide which fuel is best for your plant.

Plants in Portland, Oregon; Cleveland, Ohio; Toronto, Ont. Dealers everywhere.

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Nekoosa Bond must pass scores of tests at our mills. Here's how we check for smoothness.

• What make of paper are you specifying for your letterheads and office forms? Your stenographer can help you make a wise choice. Ask her to type a few lines on pre-tested Nekoosa Bond. See for yourself how Nekoosa Bond takes typing better. And note how its smooth, surface-sized finish stands up under erasures. Because Nekoosa Bond leads in appearance, strength and finish, this paper will mean more prestige for all of your business stationery. Ask your printer or paper merchant to show you samples!

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NEKOOSA-EDWARDS PAPER COMPANY
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records—and prod the students along.

• Time Saved—What the company probably does save is time.

Take the case of Central Soya Corp., in Decatur, Ind. This company is building a powerplant to generate electric power for its soya bean processing operations. It wants to man the power station with its own operators. But the men it has aren't trained in stationary engineering. If they signed up individually for ICS' standard course in stationary engineering, it would take them something like five years to complete the whole course. Under the Selective Plan, the company can pick for each student just the lessons that he personally will need to prepare him for his specific job. Central Soya estimates that in some cases this will cut down training time to only six months.

• Industrial From the Start—The Selective Plan is a natural outgrowth of long-standing ICS policy—the policy of building a sound training business on the needs of industry. In fact, it was just that policy that got ICS started.

Back in the 1880's, a series of mine accidents in Pennsylvania's anthracite fields forced the state legislature to pass stringent safety codes. To be a foreman or mine superintendent, a man had to pass rigid examinations in mine operation and safety. But there was no way for a man to bone up for the exams; only teacher then was experience.

An aggressive newspaper editor named Thomas J. Foster, in the mountain town of Pottsville, Pa., saw a sure-fire way to boost his paper's circulation. He started a question-and-answer column on mine safety.

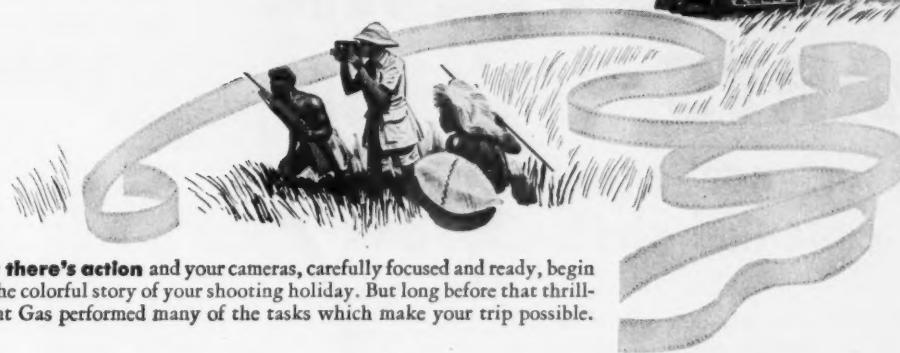
Pretty soon there were more questions than there was room in the paper to print. So Foster decided to set up a complete course, in pamphlet form, to mail out. He quit his newspaper, started a commercial correspondence course.

• One to 6-Million—That was in 1891. In 60 years, the school he started has enrolled between 5-million and 6-million students. Eddie Rickenbacker and Walter Chrysler are among its famous graduates. From the first lesson on Mine Safety, the curriculum has grown to 2,000 lessons in some 400 courses, covering everything from dry-sand molding to wool mixing and menu planning. You can complete some courses in a year. The longest, a course in mechanical engineering for professional engineers, takes 10 years and costs \$575. Incidentally, one reason for the terrific enrollment in the school is no doubt its advertising, which has long rated high in pulling power.

Right now ICS has between 125,000 and 150,000 active students. Over 10% of these have already had college training. Almost 85% of them have jobs—and half of these are taking courses that relate directly to their work. A

When You Take a Shooting Holiday

GAS will help equip your Safari



Suddenly there's action and your cameras, carefully focused and ready, begin to record the colorful story of your shooting holiday. But long before that thrilling moment Gas performed many of the tasks which make your trip possible.



Your shooting equipment of course, is of first importance and Gas plays a major role in the manufacture of cameras and photographic materials. Your finest lenses are poured from Gas-heated crucibles, and annealed to relieve all stresses during grinding. Gears for your camera are sintered in Gas furnaces for that precision which assures silent operation. Exact temperatures for film processing solutions are maintained with Gas heating units. In dozens of other metallurgical and chemical processes, Gas has helped you film your holiday.

Then you have to travel—long distances over land and water, then by air to the safari assembly point. In all modern forms of transportation, Gas has always been a preferred fuel for heat-treating, metal-working, fabricating. And, as newer types of equipment are developed, Gas fulfills an expanding role in brazing, laminating, stress-relieving—the many operations where heat is required for processing.

Your food and shelter, weighty problems however you looked at them, required a lot of careful study. But Gas had already performed many of the tasks to make your job easier. In processing such as dehydrating, pre-cooking, concentrating, sterilizing, baking, Gas is universally used to prepare the foods you need. And for shelter, too, Gas is the preferred textile-processing fuel, is important in the manufacture of rubberized fabrics, is essential to most production-line heating operations.

But a safari is specialized and you may never need those uncounted items of operational equipment in which Gas supplies the heat for processing, such as chemical exterminators, protective arms and ammunition, radio and sound apparatus. There is a place for Gas, though,

In your own production lines wherever you have a process requiring heat. The applications of Gas in industry are so diversified that you'll find it worthwhile to investigate this essential fuel for your own production heating operations.

AMERICAN GAS ASSOCIATION
420 LEXINGTON AVENUE, NEW YORK 17, NEW YORK



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Among the recognized top-flight molders you'll find Chicago Molded Products Corporation with its huge, 3-acre custom molding plant and an international reputation for doing even the toughest jobs well. You'll find here an organization with the designing skill and knowledge of materials to help you get into production swiftly and surely; the seasoned judgment to avoid misapplications; and the scope and extent of facilities to insure fast, economical production of even your largest quantity runs.

In addition, you'll find here a unique faculty for understanding your needs, plus the ability to interpret them promptly in sound engineering terms . . . the "know-how" that comes only with experience—the competence which is essential to a sound molder relationship.

This service is available to you now. Why settle for less? If your plans are still in the formative stage, we invite you to talk things over with a Chicago Molded engineer. If your engineering is completed, send us prints for quotation. In either case there's no obligation. Just write, wire or phone.

**CHICAGO
MOLDED
PRODUCTS
CORPORATION**

1030 N. Kolmar Ave., Chicago 51, Illinois



COMPRESSION, INJECTION AND PLUNGER
MOLDING OF ALL PLASTIC MATERIALS

glance through the registration file shows, for instance, a draftsman taking a course on machine design, an electrician's helper studying electrical engineering, a boiler inspector taking steam engineering. You'll find the exception, too—a bank director studying advertising.

• **Company Cooperation**—Besides its individual enrollment, ICS has cooperative arrangements for training programs with some 2,700 companies. In railroading, the ICS apprentice course is standard for the industry. ICS owns three railroad cars, classrooms on wheels. It rolls these into railroad yards to give on-the-spot demonstrations of the textbooks.

• **Tailored to Fit**—Sometimes ICS staffmen write up special courses for a company, tailored for a special job. Such a course was one called Better Pipe Salesmanship, drawn up in 1946 for Kaywoodie and United Cigar-Whelan. During the war, pipe sales generally were doing well; wives and sweethearts of service men were keeping their men supplied. But high-priced briars weren't sharing in the boom. So ICS drew up a four-book course that indoctrinated salesmen on the value of quality pipes.

Another special job was a course for U.S. Rubber Co., on Retail Tire Salesmanship. This was for dealers in the hinterlands. It worked so well that some other departments have taken it over to send their dealers.

Rochester Schools Teach Defense Workers Skills

Employees of Rochester (N. Y.) industries are going back to school to learn new skills.

• **Schools**—Bausch & Lomb Optical Co. is training 400 to 600 employees on machines in Edison Technical High School. Groups of 40 workers, drawing regular pay, go to school from 3 p.m. to 11 p.m. daily. As soon as they learn enough, they are shifted to the plant, and a new group comes in. Delco Appliance Division of General Motors has a similar setup to train groups in special welding operations.

Another public school gives an adult course in radio communications and television. It has 30 students working eight hours a day for 18 months—and graduates are snapped up at good wages. A course in watchmaking has 80 students.

• **College**—The University of Rochester's extension division helps industrial workers to get special instruction and credit toward college degrees. Both Eastman Kodak and Bausch & Lomb use this school's optics course. Rochester Institute of Technology also works closely with industry to plan courses for special techniques.



The Plaza...

RICH IN TRADITION



HILTON OPERATED HOTELS

In Chicago . . . THE STEVENS AND THE PALMER HOUSE

In New York . . . THE PLAZA AND THE ROOSEVELT

In Washington, D. C. . . . THE MAYFLOWER

In Los Angeles . . . THE TOWN HOUSE

In St. Louis, Mo. . . . THE JEFFERSON

In Dayton, Ohio . . . THE DAYTON BILTMORE

In El Paso and Lubbock, Texas . . . THE HILTON HOTEL

In Albuquerque, New Mexico . . . THE HILTON HOTEL

In San Juan, Puerto Rico . . . THE CARIBE HILTON

In New York

HOTEL WALDORF-ASTORIA

Conrad N. Hilton, President

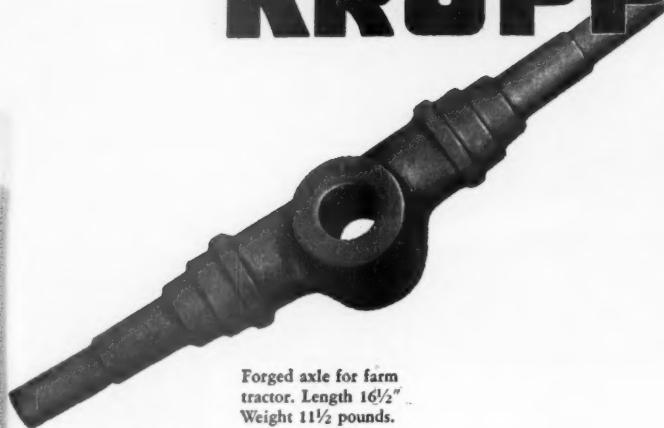
*O*N NEW YORK'S fashionable Fifth Avenue, overlooking beautiful Central Park, proudly stands The Plaza . . . individually distinctive in character and tradition. The food, service and appointments of this world-famous hotel are in keeping with the quality and high standards of friendly Hilton hospitality. Home of the glamorous Persian Room.

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Forgings by **KROPP**



Forged axle for farm tractor. Length 16½". Weight 11½ pounds.



The basic need of humanity is food . . . ever more food for an increasing world population. The wide-spread use of mechanized farm equipment; along with more intensive farming and improved

methods, has enabled the farmers of America to supply that demand. Modern farm machinery . . . tractors, trucks, combines, reapers . . . are the "machine tools of agriculture" . . . making possible mass-production on the farm.

Agricultural machinery must be built for abusive service—of parts that must not fail—tough forged parts to withstand severe shock and strain. In America's Number One Forge Plant skilled hammermen and die makers are producing forgings at their best . . . parts for many of the country's leading agricultural machinery builders. Kropp forgings are made, installed and forgotten . . . giving dependable, long-time service to the farms of America.

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HEALTH

For Purer Food

Too many chemicals of unproved safety are going into foods, House group says. But manufacturers don't agree.

There ought to be a law to protect consumers from being poisoned by what they eat. That's the opinion of a seven-man House committee investigating the use of chemicals in food products.

In an interim report to the House, the committee, headed by Democrat James J. Delaney of New York, had some hair-raising things to say about the widespread postwar use of chemicals in foods.

The committee said that 276 of 704 chemicals used in food today are not safe. At least, the safety of these has not been established "to the satisfaction of the Food & Drug Administration and many other groups concerned with the health and safety of the public."

• **Present Controls**—There are already some controls on the use of chemicals in foods. The federal Food, Drug & Cosmetic Act of 1938 provides that a food is subject to seizure and condemnation if it contains any "poisonous or deleterious substance."

Many of the witnesses who testified at the recent hearings felt that doesn't go far enough. They said that a chemical or synthetic shouldn't be used in food production until its safety has been established. The drug section of the law has been changed to require prior approval by the Food & Drug Administration of a new consumer drug that may be shipped in interstate commerce. Some witnesses wanted a similar amendment for the food chapter.

• **Classes**—The committee says the chemicals that are potentially harmful to foods fall into four classes: (1) pesticides; (2) chemicals used as preservatives, antioxidants, and emulsifiers; (3) chemicals used to wash utensils used in food production; and (4) food packaging materials.

• **Manufacturers' Answer**—Spokesmen for the chemical manufacturers felt differently. The present law needs no major change, they claimed. Any very restrictive rules and costly requirements might work to the public's disadvantage. If the lawmakers do settle for a license or permit type of control, the chemical firms felt that products in current use should be exempt.

The committee is going to hear more witnesses before handing its final recommendations to Congress.



Photo by Dixon

"No trouble at all, Mom"

BRINGING home groceries in the rain in *these* paper bags is no problem. That's because they are made of *wet-strength* paper—paper that stays strong and holds up even when it is soaking wet.

The paper industry is now giving scores of its products this wet-strength quality through the use of PAREZ® Resin 607, a special melamine resin developed by American Cyanamid Company. Papers treated with this resin make better drapes, towels, napkins, wiping "cloths" and coffee filters that won't come apart in your hands . . . tougher wrappers . . . more satisfactory packages for frozen foods . . . more economical and travel-worthy bags for pre-packaged produce . . . more durable blueprints and military maps that can be used in the rain. PAREZ Resin 607 is also making paper practical for entirely new uses, such as packages for ice cubes, beverage bottles, chemicals and many other products used in industry.

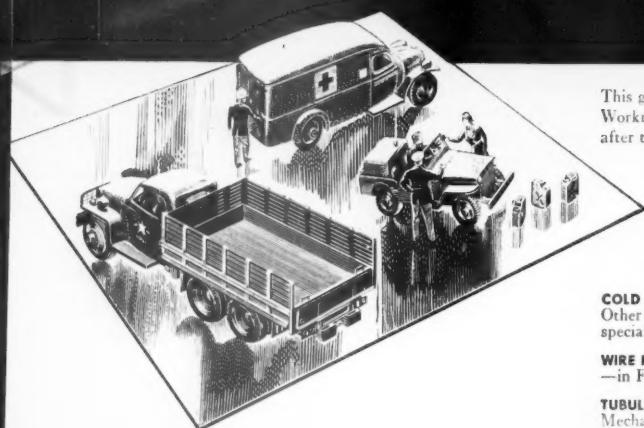
Here is another example of how Cyanamid chemistry is helping manufacturers make their products worth more to *you*.



AMERICAN CYANAMID COMPANY

30 ROCKEFELLER PLAZA, NEW YORK 20, N. Y.

Chemicals for the Paper Industry . . . one of the many industries served by Cyanamid



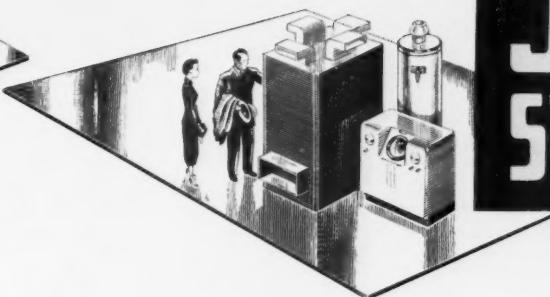
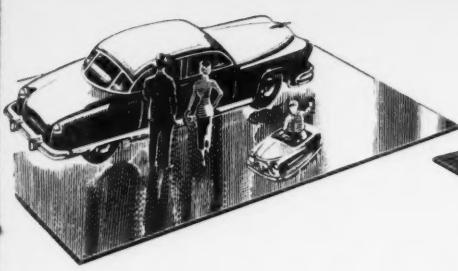
This giant shear transforms coils of cold rolled steel into sheets. Workman in red shirt is stamping approval on inspected sheets after they come through the shear. *Photograph by Art d'Arazen*

OTHER PRODUCTS MADE BY J&L

COLD FINISHED PRODUCTS—"E" Steel—Jalcase—Electreat—Other Carbon Grades in Rounds, Squares, Flats, Hexagons and special shapes—Cold Drawn Tubing.

WIRE ROPE—CenterFit—PermaSet—Preformed—Non-Preformed—in Full Range for All Purposes.

TUBULAR PRODUCTS—Standard, Line, and Drill Pipe—Casing—Mechanical Tubing (Butt Weld, Lap Weld, Electricweld—Seamless).



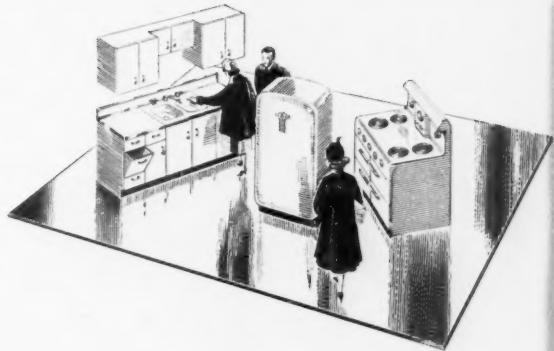
**J&L
STEEL**

we've got **ONE BIG REASON** for producing
COLD ROLLED STEEL SHEETS

...and YOU are it.

Your automobile, refrigerator, deep freeze, kitchen sink and cabinets, stove, water heater, home heating unit; your office desk, filing cabinets, doors, frames, wall partitions; the interiors of your commuter train, your street car, your bus . . . even your children's toys are fabricated from flat wide sheets of cold rolled steel such as you see coming through the big shear in the picture on the left.

You create the demand for cold rolled steel sheets because of all these articles (and many more) that you require in your day-to-day living in this modern world. And the demand continues to grow as more and more of the finished products shown here are sold to you by our customers . . . the fabricators of steel products.



Take a good look around you right now. You'll be surprised at all the places where cold rolled steel sheets enter into your life. And you can be sure that a good bit of that steel came and will continue to come from J&L.

**JONES & LAUGHLIN STEEL CORPORATION
PITTSBURGH 30, PENNSYLVANIA**

WIRE AND WIRE PRODUCTS—Bright, Annealed and Galvanized Wire—Electromatic Oil Tempered Spring Wire—Upholstery and Mechanical Spring Wire—Fencing—Barbed Wire—Staples—Nails.

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HOT ROLLED PRODUCTS—Structurals—Junior Beams and Channels—Jal-Tread Floor Plate—Bars—Shapes—Plates.

SPECIAL STEEL PRODUCTS—Oriscoloy Hi-Tensile Steel and Jalloy (Alloy Steels), as rolled and heat-treated—in Plates, Bars, Small Shapes, Structural, Hot and Cold Rolled Sheets and Strip.

STEEL CONTAINERS—Drums and Pails—Galvanized Ware.

SHEETS AND STRIP—Hot Rolled Sheets or Coils.

COAL CHEMICALS



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NEW AUTOMATIC LINE-UP SPEEDS DIVISION. Touch of new Division Control automatically lines-up dividend and divisor as division begins



PUSH-BUTTON MULTIPLICATION
Touch of a key in this row enters multiplier digit POSITIVELY ... carriage shifts AUTOMATICALLY ... answer appears SIMULTANEOUSLY



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ILLUSTRATED BOOKLET ABOUT MARCHANT CALCULATORS

MARCHANT CALCULATING MACHINE COMPANY

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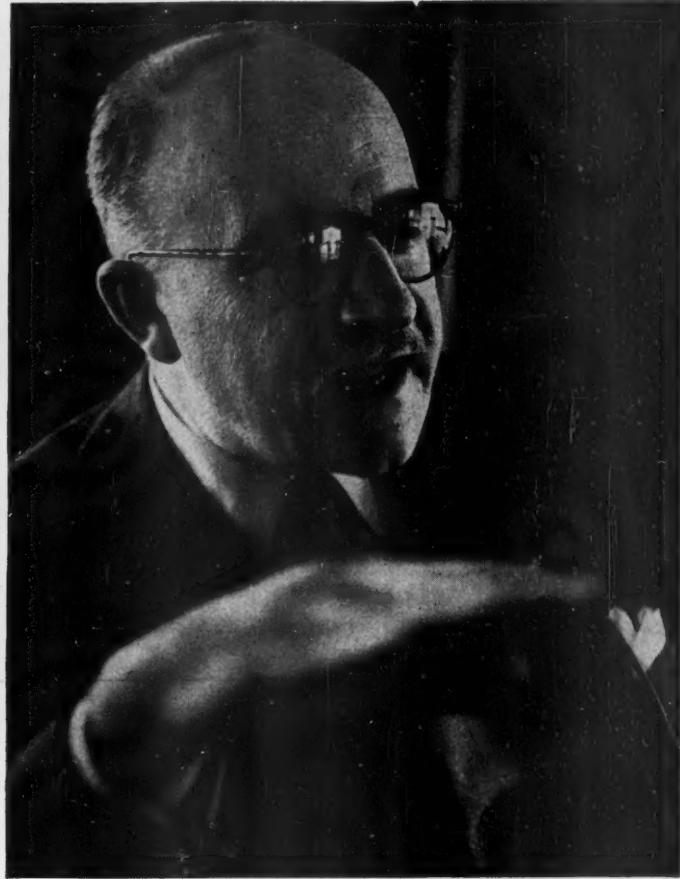
MARCHANT
AMERICA'S FIRST
Calculators



EXECUTIVE OPINION



"I think the key word is disequilibrium."



"Take an audit, find where you stand."

"The kind of business thinking that looks for things to remain is by definition wrong."

MARKETING EXPERT LEBOW SAYS:

To Compete Today, Accept Change

During the last war, a lot of firms found the going too tough. Many of them folded. Others came out of the war in a weakened competitive position. But it needn't necessarily have been that way. For there were also the successful ones—the companies that found a way to make the new market conditions work for them.

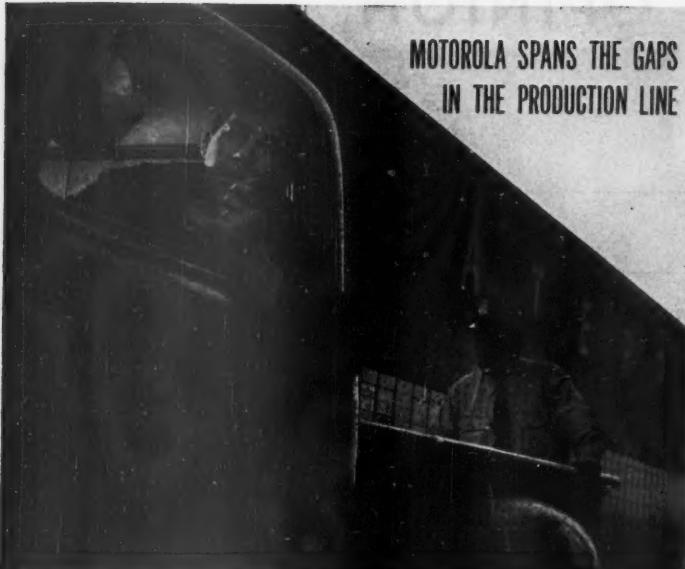
To see what we could learn from our World War II experience, BUSINESS WEEK took camera and recording machine on a visit to Victor Lebow, who was in the thick of the fight last time. As vice-president in charge of sales and advertising for a major hosiery concern, Chester H. Roth, Inc., Lebow was the man chiefly responsible for putting men's and women's hosiery into such unorthodox outlets as auto supply chains, grocery stores.

As a marketing consultant, Lebow stresses flexibility. Note the changes that are occurring in markets and channels, he advises his clients, and adapt to them. He is also an expert in what he calls the application of "modern psychology and semantics to the evolution of significance in brand names."

BW: Mr. Lebow, what we want to ask you is this: How can a company keep its competitive position in today's semiwar economy?

LEBOW: Well, the first thing is to define what we mean by a competitive position, because that expression in itself means a set of relationships. I think there are a good many situations that are not going to be solved by brute force—by attacking the problem head-on. I think any firm has to make a sort of marketing audit to find where it stands. Is it today a major factor in an industry, or is it in that very highly competitive sector in an industry in which let's say that four or five figures dominate the market? If it has been only a

MOTOROLA SPANS THE GAPS IN THE PRODUCTION LINE



MOTOROLA FM 2-WAY RADIO

Handles 76 rush calls a day on a single shift at Caterpillar Tractor Co.

Helping to keep the sprawling production lines rolling at this gigantic 128-acre plant is the job of versatile Motorola FM 2-way radio! With the Motorola engineered inter-plant communication system, Caterpillar is maintaining an unbroken stream of materials flowing to the most remote sections of the plant.



MOTOROLA CAN SPEED YOUR PRODUCTION, TOO!

It will pay you to investigate how a specially engineered Motorola FM 2-way radio system can save precious time, labor and money in your specific operation. You get guaranteed peak performance with Motorola...equipment that will not be obsolete tomorrow because it incorporates the "years ahead" engineering developments of Motorola's famed research laboratories. It will pay you to INSIST ON MOTOROLA—the world leader in communication systems for industry!



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for use as portable base station,
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"HANDIE-TALKIE" Radiophone
houses a complete FM transmitter-
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COMMUNICATIONS & ELECTRONICS DIVISION

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COMPLETE INDUSTRIAL RADIO COMMUNICATIONS

... SPECIALISTS IN MOBILE RADIO FOR 22 YEARS

Please send me detailed information on Motorola
FM 2-way radio equipment for industrial applica-
tions.
Dept. BW3

Name _____ Phone _____

Company _____ Position _____

Address _____ Zone _____

City _____ State _____

runner-up, as it were, in an industry dominated by major organizations, then it has to go through its whole method of operations very rigorously and with some very tough-minded thinking—because it may have to throw off a good many of the items it has been making. It may have to reduce its variety. It may have to take those few things where it has patents, trademarks—something that makes it distinctive and sets it apart from others—and plug those for all they are worth.

BW: How do you approach the problem?

LEBOW: I think that the key word in this type of situation is disequilibrium. In other words, we are in a period of an increasing rate of change, and the only way to work and think in that type of period is to go along with the change and not to try to resist it. The forces involved are too big. Generally, the kind of business thinking that looks to status, looks for things to remain, looks for things to fall back into place—that type is almost by definition wrong. It just won't work that way. You have to assess the changes that were already in process, as a matter of fact, before this started—because some of them will be accelerated and some of them will be slowed up.

BW: What sort of changes do you have in mind?

LEBOW: Let's take an example. The men's clothing industry is in a process now of attrition. The plain fact is that all over the United States—and this you saw already during the last war—haberdashers who had fallen down as an outlet for men's clothing were coming up again. By putting in a rack of sports jackets and a rack of slacks, they were serving the lower-income groups. There are very many parts of the country where it is O.K. to wear a sports jacket and trousers for everything except a funeral. So this is the trend that must now proceed at a very much more rapid rate. If you have the slightest suggestion of austerity now, you know, that tends toward informality in dress. And we are now engaged in a long-term program of reducing the standard of living.

Of course, I doubt whether we will achieve austerity on the British system. What we will probably achieve is a very efficient black market. It's in the best American tradition.

BW: But even if we don't get that deeply involved in war, the present emergency will still pile one trend on top of another?

LEBOW: That's right. Austerity would accelerate an existing trend. So, just as Hopalong Cassidy caused the destruction of the boy's clothing industry as we used to know it, this may very well result in changes in style and also in the character of the men's clothing



"Pick out those items which you can drop and those you can add advantageously."

industry. It may also alter the channels through which the goods will flow—and very possibly the nature of the manufacturers involved.

Take work clothes. A good deal of them have already moved into the sports clothes category. The overall as the mark of the industrial worker has already receded, you know. The overall people have found a new market in western apparel and jeans—I mean, you're not an adolescent unless you wear jeans with proper rivets.

BW: What sort of changes came out of World War II?

LEBOW: Textiles are a good example. The war ended with four big firms dominating that industry, as a report by the Smaller War Plants Corp. shows. Yet, as you go over the textile field—while it is true that many disappeared, many sank out of sight, many came out weaker, and so on—you find that a few adapted themselves to do a faster-moving style promotion job and actually are today larger than they were, even though they may not be so big as the top four. So solutions are possible. In my audit I include a review not only of your own line but also of your competitor's. Pick out those items that you can drop advantageously—those that you might be able to make better than any competitor. And also review your productive capacity.

BW: When you talk about reviewing your competition, that implies a careful look at the market, doesn't it?

LEBOW: Another thing that is involved here, too, is the fact all the companies in any industry are going to be facing new markets, changes in the markets. For example, we can be pretty sure that there is going to be a decline in the efficiency of sales personnel and that those types of selling which depend more on open display are going to be on the increase. Obviously, a company

The Gyrotex Bobbin (above) is a product of Formica's unique facilities for serving industry. It was produced at the request of a leading textile mill for a bobbin that (1) could resist the enormous pressure exerted by Nylon and Orlon yarns, (2) could be removed and replaced safely on whirling spindles and (3) would be smooth, snag-proof. The Gyrotex Bobbin was designed, engineered and produced entirely by Formica.

Send for colorful new catalog on Formica sheets, tubes and rods . . . and postformed, molded and fabricated parts.

the *Textile industry*
has discovered
FORMICA
laminated plastics

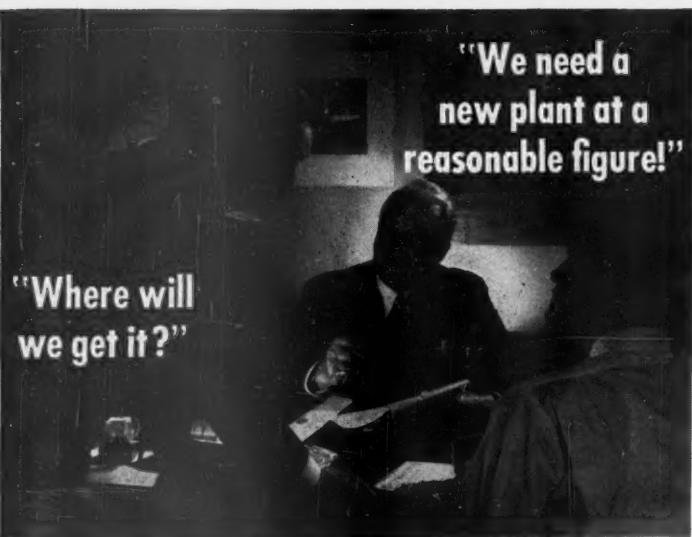
. . . and won't support vibration. It's excellent for chemical, mechanical or electrical applications. Formica is used for almost a hundred different textile machinery parts — eloquent testimony to its usefulness, versatility and reliability.

You'll find it profitable to discover Formica, too. It'll work wonders in your product or manufacturing processes. Our engineers will be glad to work with your engineers for the most practical solution to your problem. The Formica Co., 4660 Spring Grove Ave., Cincinnati 32, Ohio.



Send for colorful new catalog on Formica sheets, tubes and rods . . . and postformed, molded and fabricated parts.

Productive
FORMICA
at Work in Industry



"Where will we get it?"

Truscon Speed-Erect Steel Buildings are the answer!...

When production demands require new output records from your company, Truscon Standardized Steel Buildings will give you the space... adequately and economically!

Truscon Steel Buildings are available in a wide range of standard designs. They are used for all kinds of industrial and commercial buildings because they offer fire protection, permanence, with unusual ease and speed of erection. Their moderate cost and low upkeep give them profitable investment value. Truscon Steel Buildings have a high salvage value which permits them to be dismantled and re-erected in an entirely new location at modest expense.

Write and tell us your building requirements. Truscon engineers will be glad to make suggestions and help you select the building that fits your needs.

We will cooperate with your local contractors for the speedy erection of these "Any-Purpose" Truscon Steel Buildings.

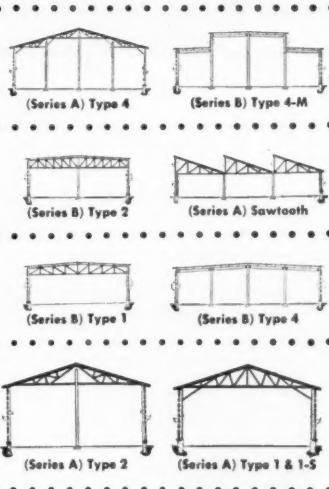


FREE BOOK

Several standard units in which Truscon Steel Buildings are made are shown at the right. Plan your building needs with the aid of the fully illustrated, 32-page catalog giving full details on these Truscon Steel Buildings. Write for your free copy today.



Typical example of Truscon Steel Buildings — several other types shown below.



TRUSCON® STEEL COMPANY

YOUNGSTOWN 1, OHIO
Subsidiary of Republic Steel Corporation

Manufacturers of a Complete Line of Steel Windows and Mechanical Operators • Steel Joists • Metal Lath • Steepledeck Roofs • Reinforcing Steel • Industrial and Hangar Steel Doors • Bank Vault Reinforcing • Radio Towers • Bridge Floors

that depends for the sale of a particular product in its line on a highly developed system of indoctrination of its own people, of the wholesale salesmen, of the retail salesmen, and so on, is going to be facing very severe handicaps.

BW: Supposing you had a large dealer organization, and you were going to make an audit, how would you go about it? What would you look for, what would you do?

LEBOW: It's not only the dealer organization we are concerned with. We are also concerned with the products. We may, for example, find on analysis not only that a small percentage of all our products produce the greater percentage of our volumes—which is usually true—but also that a small percentage of all our dealers produce the greater part of our volume, too. In that case, it may be that you are going to have a double operation: You are going to cut down your line, and you are going to cut down the dealers that distribute the line. That may be one of the solutions that is involved here.

BW: Fooling with your dealer organizations could also mean changes in your whole distribution setup.

LEBOW: Yes. In the last war the wholesalers appeared to come through stronger. Partly that was due to the fact that in many fields the smaller retailer had an advantage. He could trade on the black market, he wasn't subject to the same kind of controls—he could get away with a lot. And the wholesaler was able to serve him, and this man was solvent and did business. But you must remember that the wholesaler was dealing with the lower sector—with the smaller elements. That is a precarious type of existence. Thus it doesn't mean that wholesaling, as a whole, as a method of distribution is on the rise.

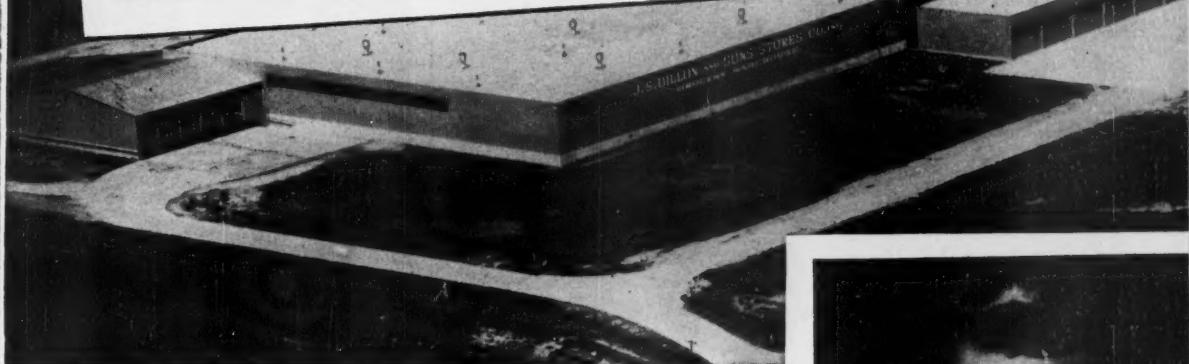
BW: But manufacturers may find wholesalers very handy again.

LEBOW: For a good reason. Many manufacturers will find their sales forces so depleted that it may be wiser to turn to wholesale distribution.

BW: Even if companies do run into trouble with sales forces, there is still advertising. That can make up for a lot.

LEBOW: For a lot—but not everything. This is a period in which the temptation to spend money for advertising is great, because so much of it can be charged off against expenses. During the last war—take the hosiery industry for example: It came out with 70 firms that considered themselves national advertisers. Actually, only a handful really were. Of that handful I doubt whether more than one or two has genuine consumer acceptance on any widespread basis. So that an awful lot of manufacturers are kidding themselves when they think that by pouring this money into advertising they are

Is Rural America YOUR BIGGEST NEW SALES OPPORTUNITY?



Remember—one out of every 3 retail dollars is spent by rural families.

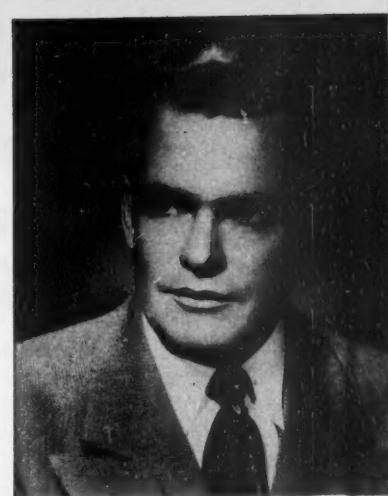
And there is no distribution problem in reaching them. Today 52% of all big volume grocery stores are in places of 25,000 population or less. Drug stores with the most rural business are making the greatest profits. Even in the larger shopping cities, an average of 57% of all "shopping line" goods are purchased by customers who live outside these cities.

More and more manufacturers are expanding profitable volume in established outlets—by advertising directly

to rural families in their rural magazines.

Country Gentleman reaches the most prosperous rural readers from coast to coast—with greatest impact, proved by a recent nationwide survey. That is why it is 1st among farm magazines—12th among all magazines—in advertising revenue.

Country Gentleman for March is the first farm magazine to carry \$1,000,000 of advertising revenue in a single issue . . . further proof that it is *read more, used more, liked more* by 2,300,000 families of Rural America.



▲ Ray E. Dillon is president of chain of 25 Dillon Markets of agricultural Western Kansas. Warehouse above stores 350,000 cases of packaged groceries alone, with stocks turning over every 11 days. Mr. Dillon says: "Catering to rural families is the backbone of our success. We bid for rural customers because they are big grocery buyers who prefer top-quality merchandise. Manufacturers who want to give real support to operators like us should put their sales messages before the better-buying rural families as well as those in cities."



92.7% of Country Gentleman women readers use hand lotions; 83.4% shampoos; over 83% face creams. These Norton youngsters of Montana typify prosperous farm people.

▲ Smaller-town department stores are thriving on rural trade. They are staging Country Gentleman tie-in promotions like that above of Bresce's, Oneonta, N. Y. Latest is by coast-to-coast J. C. Penney Chain.

*GREATER POWER TO MOVE PEOPLE
GREATER POWER TO MOVE GOODS*

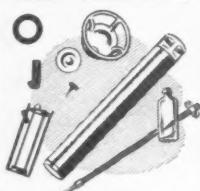
Get complete, fully illustrated book on farm living, farm income, farm buying power today. Write for "Good Farming for Good Living" to Advertising Dept., Country Gentleman, Independence Square, Philadelphia 5, Penna.



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of old or damaged extinguishers
of any make (Underwriters'
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brand-new Pyrenes!



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for all types of Pyrene Fire
Extinguishers.



Instant extinguisher service at Pyrene Service Depots!

Get parts and replacement extinguishers
immediately. No waiting!

Millions of Pyrene* Fire Extinguishers have totaled many millions of years of service. Eventually all extinguishers become old, worn or damaged. When an extinguisher needs to be repaired, you don't want to be without protection while you wait for service from the factory.

Now 180 Pyrene Service Depots, located in leading cities, eliminate such dangerous delays. They'll immediately exchange your repairable 1 and 1½ qt. Pyrene Vaporizing Liquid Extinguishers for factory-rebuilt ones. They'll trade in non-repairable ones of any U.L.-approved make on new Pyrenes. And they'll supply common replacement parts and recharges for all types of 2½ gal. Pyrene Extinguishers.

Pyrene makes a *complete* line of extinguishers for every hazard—everything from hand-operated models to large automatic systems. Write for addresses of your local distributor and service depot.

*T.M. Reg. U.S. Pat. Off.

At this sign you will find a
Pyrene for every fire hazard



PYRENE MANUFACTURING COMPANY
577 Belmont Avenue Newark 8, New Jersey
Affiliated with C-O-Two Fire Equipment Co.



"If the woman tried to pilfer stockings, she broke her fingernail along the edge of box."

going to come out with something really stable.

BW: What's the answer?

LEBOW: It is possible in a period like this to use your advertising, your promotion, and your development activities in research, product development, and so on, to come out with the very best products of those in that field. Then your advertising has a value because you are putting over to the consumer the idea that you are a source of supply for the things he needs, things that are better than the other guy's, and things that have a significance.

BW: Among other things, would you also start looking for new products to add to your line in your stores, the way the tire companies did last time?

LEBOW: Yes. The tire companies put soft goods into their stores, and what happened is very revealing. Take the case of one of these concerns—we'll call it Company X—which did a very poor job of it.

BW: What was the matter?

LEBOW: The top people were all production-minded. They looked on everything that went into their own or their dealers' stores—except tires—as a nuisance. There was a rigidity about Company X that was fantastic. If it sets up glass trays for display counters for men's socks, you had to put men's socks in there—regardless of size. Now the only way you can put a pair of socks into a 9 x 9 tray is to roll them up. When you roll up a pair of socks into a tray 9 x 9, you can put two rows of socks in there. The consumer, as a rule, does not disturb something that has been very carefully set up like this—you know, if it's made into a flower or into a roll.

BW: That's an example of failure. What about the successes?

LEBOW: By contrast, two major auto supply chains—Western Auto and Gamble-Skogmo, which both operate not as manufacturers but as retailers—were able to project to their own dealer

organizations as well as to their own stores the new kind of thinking, new kind of advertising, new kind of display that was necessary for soft goods. They were far more successful. The Western stores sold as many as 50,000 dozen socks of just one type a year. But the Company X stores just did a very miserable job with the same product, and finally it fell apart there.

BW: Well, what happened when the war was over: Did they throw the socks out?

LEBOW: In some cases that did happen. Western Auto did throw the socks out, but Gamble-Skogmo, on the other hand, became converted into a soft-goods-plus-hard-goods chain in which the two are almost on a par. As a matter of fact, I don't know which is superior right now.

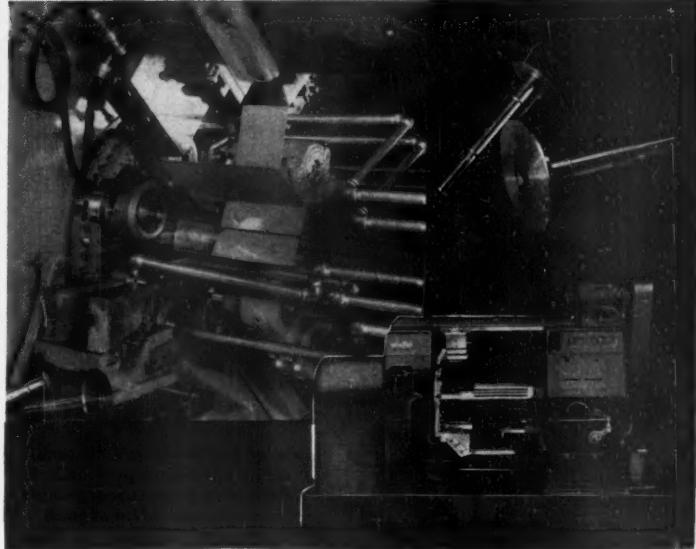
BW: Would you say, as a generalization, that this process of "marketing arbitrage" is speeded up and some of it tends to stick after the war is over?

LEBOW: Yes, I would say that what are now distortions, to which both manufacturers and retailers accommodate themselves, set the new pattern after the period of stress.

BW: Well let's suppose you were in a position of looking for some of these items to supplant the hard goods that are coming in shorter and shorter supply. Is there any rule-of-thumb or anybody's experience on what to look for?

LEBOW: That type of problem I think involves both a sense of a consumer as a living person—who has . . . you know . . . all kinds of needs and habits and requirements—and of the retail outlet and its own position. I went to Kroger, for example, in 1943 with the proposal that they put in rayon stockings—which were then the only kind that could be made. That was a natural type of offer to make to them because there were empty shelves in the super market. For another thing, women could no longer get the desirable yarns in hosiery—they couldn't get nylon; they couldn't get silk; so they had to take rayon. The War Production Board had set up classifications of Grade A stockings, Grade B stockings; furthermore, OPA had set retail prices. Therefore, you had a combination of things. You could go to Kroger and show them this: Here are women who are forced to take a less desirable item. These women come into your store regularly. This item, no matter where they buy it, even in the swankiest of style shops, is no longer a stylish item. The government says that the stockings we make are Grade A by government standards. And the OPA has put the price on it. This price is based upon the traditional markup to the department stores—around 38%. But you can sell it at a lower price.

That is exactly what Kroger did. Fur-



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And the machine's adaptability for a wide variety of tooling (including independent power-driven auxiliaries where desirable) permits an economical distribution of cuts to reduce total machining time.

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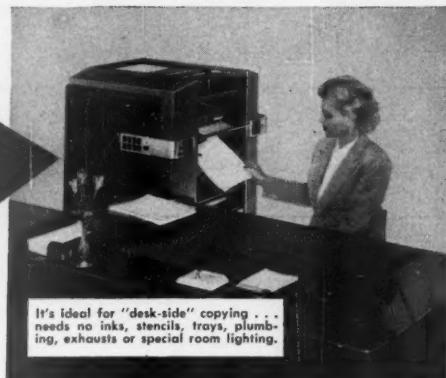
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Uses BW Diazo process, long employed by industry, to make exact low-cost positive copies. First machine specifically designed to use this quick, clean, easy process anywhere in your office.

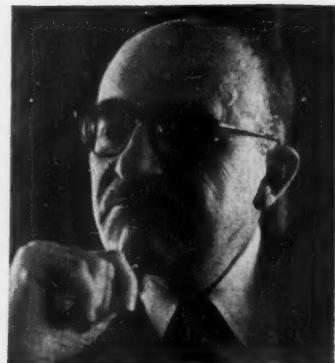
- In seconds, the BW Copyflex gives you an exact, smudgeproof copy of anything typed, written or drawn.
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Copying is so simple! If your letter, record, or document to be copied is on ordinary translucent paper, you simply insert it into the machine with BW Copyflex paper.

Within seconds you receive a crisp, errorproof, smudgeproof copy—flat, dry, and ready for immediate use. The 100th copy is as sharp as the first.

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BW Copyflex is the fastest, most economical way to make 1 to 100 copies of reports, records, orders, invoices—on letterhead, printed form or graph paper. It reduces paper work a hundred ways, saves time and cuts costs. See how BW Copyflex can help you . . . send the coupon today.



"So XYZ's solution is, therefore, to convert the windows and slow up the operation."

thermore, the packages came in sealed boxes with paper around it that had a piece of string sealed into the paper. If the woman tried to steal stockings or pilfer them, she broke her fingernail as she ran it along the edge of the box. We sold two pairs of stockings in a box in the Kroger stores.

BW: I imagine the thing to start out with in looking for these other lines to add is an analysis of your customers.

LEBOW: Take the XYZ cigar stores, which are right now making a record in losses with probably the best retail locations in America with the heaviest traffic. Studies have been made over and over again showing the amount of time a person spends in a store; in a cigar store a customer buying a package of cigarettes may spend half a minute. So XYZ puts all its stuff under glass. That means that you have to have personnel, that you force the person to stop, look, peer—when he didn't intend to buy anything but cigarettes possibly when he walked into that store. So XYZ's solution is, therefore, to convert the windows into haberdashery windows and slow up the whole operation some more.

BW: That's plain bad figuring. But what about the successful cases of arbitration? Who loses? Somebody has to lose in the end.

LEBOW: When you look at the whole problem of small business you see this: There is a flow of the most profitable business to a smaller and smaller group of firms, and on the other hand there is a flow of the least profitable business to a larger and larger number of firms. In other words, you have both integration and what you might call atomization. Now this vaporizing of business is a process that goes on all the time. It destroys all sorts of small businesses. And when sudden change takes place—as happened after 1941—you have half a million firms suddenly go out of business.



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- to many difficulties in loading and unloading . . .
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GREATER CAPACITY because it is *longer* than the ordinary car.

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TAXES

INCOME	PRESENT SCHEDULE		PROPOSED SCHEDULE	
	SINGLE MAN, ONE DEPENDENT	MARRIED MAN, WITH WIFE	SINGLE MAN, ONE DEPENDENT	MARRIED MAN, WITH WIFE
1,200	None	None	None	None
1,500	\$60	\$60	\$72	\$72
2,500	260	260	312	312
3,000	360	360	432	432
5,000	796	760	948	910
8,000	1,600	1,416	1,872	1,688
10,000	2,232	1,890	2,584	2,240
15,000	4,174	3,255	4,796	3,810
20,000	6,624	4,880	7,376	5,620
25,000	9,442	6,725	10,394	7,675
50,000	25,956	19,600	27,908	21,550
100,000	66,276	52,800	70,228	56,700
500,000	428,778	350,000	448,680	423,500
1,000,000	870,000	859,000	900,000	899,000

Potshot at Income Splitting

Treasury will ask Congress to change the law that now lets married taxpayers divide their income equally on their tax return, thus getting into a lower bracket.

The Treasury, casting about in all directions for taxes to meet soaring defense costs, has fixed a beady eye on the law that permits married couples to split their income for tax purposes.

Secretary Snyder will make repeal of the 1948 income-splitting law part of his recommendation for the second instalment of the 1951 revenue program. That is scheduled for sometime around midyear; the \$10-billion first instalment went to Congress early last month.

• **Higher Rates**—The Treasury will back its demand for repeal with these arguments:

• Abolition of income splitting would net the government somewhere between \$1.5-billion and \$2.5-billion.

• By taking the extra tax heat off bachelors, it would open the door to further raises in individual rates. Some congressmen argue that to raise rates now would amount to confiscation as far as single men are concerned.

• It would minimize the need for cutting personal exemptions or imposing a general sales tax in order to keep defense as nearly as possible on a pay-as-you-go basis.

The present law gives married couples in the middle-income brackets a definite edge over the single man, even though the unmarried or widowed taxpayer may have the same number of dependents. Here's how it works.

Suppose a husband has an income of \$50,000, his wife no income at all. By

splitting the income, each files a return of \$25,000, and the tax comes to \$9,800 apiece. Only the top \$2,400 of the income is hit by the relatively high tax rate of 59%. Thus the couple between them pay a tax bill of \$19,600 (table, above).

If income splitting were barred, the husband would be taxed singly on the whole \$50,000. The last \$5,000 of this would be hit by a 72% surtax. And the total tax bill would be \$26,000—that's \$6,400, or about 35%, more than the income splitter paid. The nonsplit tax, of course, is what the bachelor now pays.

• **Community Property**—Before 1948 federal law said nothing about income splitting, and state property laws controlled on the question. Twelve of the states had so-called community property laws, which treated all possessions of a married couple as being held jointly. Married citizens of these 12 states split their income on federal tax returns—and paid substantially lower income taxes than their brethren in the other 36 states.

This was an obvious inequity and an equally obvious opportunity for the states. A large number of states—including richly tax-productive New York—prepared to pass community property laws of their own to get their citizens off the federal hook. Congress finally changed the federal law to allow income splitting to all married couples, and thus

stop the stampede of states to community property.

Congress is likely to think twice when it gets the Treasury's proposed repealer. For one thing, there are a lot more married voters than single ones. And if Congress does act, many states will promptly dig up their community property bills.

• **Wartime Level**—On the other hand, single persons are undoubtedly taking a tax beating at present. If Congress boosts rates by four percentage points in every bracket as Secretary Snyder proposed last month, single persons will be paying higher income taxes than they did at the World War II peak. Married couples will still be below the wartime level. From this it is sometimes argued that it would be unfair, if not impossible, to impose a further rate increase that would fall most heavily on single persons.

The Treasury has three plans up its sleeve for knocking out income splitting without starting a new fight to state community property laws:

• Mandatory joint returns—binding on taxpayers in all states—would lump a couple's incomes, treating them as one for tax purposes regardless of who earned them.

• Separate rate schedules for married and single persons would boost tax receipts without abolishing income splitting. Rates for married persons would simply be boosted to wipe out the present differential.

• Levying the income tax directly on the person who actually earns the income would in effect nullify community property laws as far as federal taxes are concerned. This might run into constitutional difficulties because the states have the power to define property rights. But lawyers think the language of the law might be rejiggered to get around this point.

Tougher Tax Audits Due in High Brackets

Tax returns will be in for a finer combing by the Bureau of Internal Revenue after Mar. 15.

A spot check on 1948 showed errors in about 70% of upper-bracket returns. Few erred in favor of the government; the BIR thinks it can pick up \$1-billion extra by tightening up.

• **Automatic Screening**—Not that BIR is lax now. All returns on incomes over \$7,000 automatically go to special agents. Those that show any income directly from a business are studied for "interesting" deductions and sources of income. BIR squeezed out \$1.5-billion this way in fiscal 1950.

The new crackdown will be hardest on incomes over \$25,000. All of them will be checked in every detail. In

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FOLLANSBEE COLD ROLLED STRIP is furnished in continuous coils for direct feeding into automatics. This time-saving method of supplying material to stamping and forming machines is a big step toward increased production.

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1951 half will go through the wringer for 1949 and 1950 returns. Next year the other half will have their turn, on 1950 and 1951 returns.

Lower-bracket incomes will continue to be treated fairly lightly. Only about 7% of those under \$8,000 will be thoroughly audited.

Georgia Sales Tax To Be "Most Inclusive"

What tax experts call the "most inclusive" sales tax in the country goes into operation in Georgia, Apr. 1.

The rate will be a stiff 3%, and the tax will cover just about every possible sale, from a shoestring to a locomotive. Not even the Bible escapes. Only serious exemptions are the raw materials that go into finished products. The theory there is that the tax will hit when the finished product is sold at retail. Seed, feed, fertilizer, steel, cotton, and wool are among the exempted materials.

• **Record Budget**—The sales tax is expected to produce over \$100-million a year, which will take a big bite out of the state's record \$207.5-million annual appropriations for the next two years. Most of the sales tax money is earmarked for schools, highways, and health and welfare benefits.

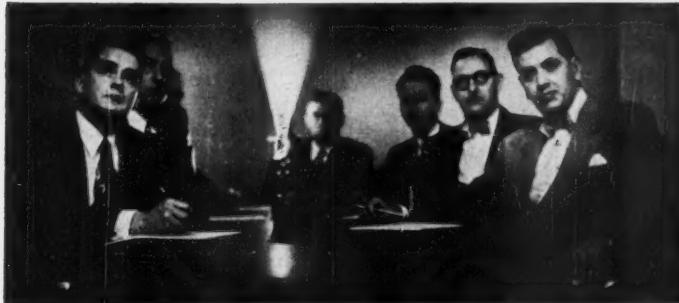
In his campaign last fall, Gov. Herman Talmadge promised Georgians "total tax revision." Passage of the sales tax by the Talmadge-dominated legislature fulfilled a good part of that pledge. At the same time, the legislature lopped off some \$24-million in emergency and nuisance levies as of July 1 (BW-Feb. 24'51, p116).

The legislature also revised the state income tax structure, but went off the Talmadge reservation in doing it. Last week Talmadge vetoed the income tax bill, charging that it was not properly integrated with the sales tax, as he had urged. The legislature left the personal property tax as was. Talmadge had urged its removal, may do it himself later by executive order.

• **Legal Snags**—State tax officials are already worrying about some legal quirks in administering the sales tax. Will interstate transportation companies pay the full 3% on repair parts? Or will the tax be proportionate to the part of their business done in Georgia?

Bus tokens provide another sticker. The law does not exempt them, but gives the revenue commissioner power to set "bracket" rates on transactions involving only a few cents. The brackets would even out for a company with transactions of assorted size. But they might let a bus company off entirely. Would that be legal? Georgians wish they knew.

MANAGEMENT



TIME-STUDY EXPERTS rate jobs shown on film, compare results with SAM standards . . .



APPLY FINDINGS to specific jobs in their own companies.

How to Rate Job Performance

New movies provide a method for companies to check their time-study men and also to train them.

Industrial engineers next month are going to get a look at a new answer to the old question: What is a fair day's work?

What they'll see are movies. At the sixth annual Time Study & Methods Conference in New York, Apr. 19-20, the Society for the Advancement of Management will show films of 24 simple jobs in which the same motion is repeated over and over again—such as shoveling sand, stapling papers together, or handling sheet metal. The movies

show five different speeds for each job.

• **Performance Rating**—According to SAM, there never has been a really adequate method of teaching people how to rate a job performance. For one thing, rating methods vary too much (there are five or six in use).

The films are designed to fill this gap. They should help a company (1) find out if its raters are competent, (2) train them if they aren't, and (3) settle disputes.

To use the films, a company lets its

JUST PLUG
IT IN and
TALK

No connecting
wires needed.



Standard Model CC-2
Other models available for industrial or specialized application.

YOUR BUILDING IS
ALREADY WIRED FOR A

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U. S. & FOREIGN PATENTS PENDING

Portable, two-way
communicator

Vocabron requires no installation or additional wiring. It uses the existing electric light circuits as the carrier — simply plug a unit into any 105-120 volt outlet, AC or DC, and it is instantly ready to communicate with another *Vocabron* plugged in on the same circuit generally up to $\frac{1}{2}$ mile away. Small and compact, each unit weighs only $3\frac{1}{2}$ lbs. Standard Model CC-2, \$9.50 per pair.

Vocabron because it is portable and requires no special wiring, offers unusual opportunities for increased efficiency and time-saving, previously unavailable because of the limitations of conventional communication systems.

Vocaline Company of America, Inc.,
100 Bristol Bldg., Old Saybrook, Conn.
 I request further information on Vocabron Standard Model CC-2.
 I request information on Vocabron Heavy Duty Industrial Models, Paging and P.A. Systems.

Name _____ (please print)

Organization or Company _____

Street _____

City _____ State _____



Craftsman & Purveyor of Fine Furniture wrote of Steel who also delivers his thoughts on Many Another Topic

Feb. 5th—To Great Britain's Exhibition of Eccentrics, where are made little Machines that "work like mad & do Nothing;" reminding one of that busy time of statesmanship prior to Publick Election.

Feb. 6th—Numbers of our young men go forth in draft. It is prayed they go forth to strengthen the possibility of Peace, and thus do well by us all.

Feb. 10th—Comes my cozen seeking a Position, all-to-ruffled by one he now holds. In time will he learn that to secure Better Employment, one must employ himself better at the Present Task.

Feb. 12th—I find Television Shows mightily improved; not so the advertising. Scientific study of How Often & How Long a product need be mentioned to serve it best, urgently requires doing.

Feb. 16th—This day saw plans for my new workshoppe in Los Angeles. Here craftsmen will endeavor to duplicate in Design & Quality that which hath been My Pleasure these many years.

Feb. 17th—Few Competitors of mine fail to make Good Merchandise, or give Good Value for the prices they ask. If Patrons can not obtaine My Royal Furniture, may I suggest they seek another worthy Line.

Feb. 22nd—A lofty enterprise. Alcoholics Anonymous, hath been aped by Divorce Anonymous. Now comes an association of former mental patients called Recovery Incorporated. When & If organized, my lot shall be cast with Avordupous Unlimited.

Feb. 23rd—Have oft been twitted anent the title of our Complaint department; namely, Quality Control Dept. Tis not the name but the Sincerity & Speed of righting errors made that counts. And learning therefrom how not to repeat the same mistake.

Feb. 26th—To the Marts where viewed divers Pretty Wares For The Home. The sad fate of the Human Form vexes me; hands being used for ash receptacles, heads for milady's pins, torsos for drinking vessels. No Chair Of Mine shall resemble an anatomical extremity, rather shall It accomodate Some adequately.

Feb. 27th—At the Printer's, much joyed by news of the completion of My Catalogue, a Brilliant Volume, which doeth credit to All, My Advertising Counsellors as well. It is available to those of My Honorable Patrona who but poste request for their Copies.

METAL FURNITURE
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time-study people rate the job shown on the film. Their results are then compared with the standards set by 1,200 hand-picked raters. That way management can find out how its employees stack up with the rest of industry.

• **Application**—There's more to it than that, however. If a man can learn to rate the films so that his results come close to SAM's standards, he can transfer that ability to an actual job in the plant, no matter how complicated. He'll have learned what time-study people call a "concept of proper performance."

SAM researchers took movies of 24 jobs, then visited 150 companies, which rated them. All the companies visited have extensive time-study training programs. Some 1,200 industrial engineers rated the films before the project was finished.

The results varied so little among the experts that SAM is convinced that their average ratings can be used as basic standards for judging job performance.

• **Universal Standard**—In putting the data together, researchers arrived at one important conclusion: Contrary to what some industrial engineers believe, you can go anywhere in the country and find the same ideas on how fast is normal for a job. To test this further, the films have been sent to England. Early results show that the same standards apply there. Apparently, the idea of a normal day's work is universal among experts.

• **Old Problem**—This isn't the first time a management organization has tried to find a scientific answer to the old problem. For instance, in the 40's, synthetic systems became popular—such as Work Factor and MTM (method-time measurement).

Both attempt to eliminate human judgment in deciding how long any plant operation should take. A job is broken down into its basic motions, each of which already has been timed. Then you add up the number of motions in an operation, arrive at the total time required for the job. Both management and labor are leaning more and more toward this method.

• **Time-Study Formula**—But most companies still use time-study men to set standards by observation for each job on the production line. Once a job is rated (and accepted by the union) management can usually relax—on that score. But the problem bobs up again just about every time a new product, a new method, or new machinery is introduced.

To set these "standard times" for an operation, a time-study man will watch John Jones in action. It's easy enough to clock him with a stop watch. But the catch is: Was he working fast, slow, or at a "normal" rate? That's what the observer, or "rater," has to decide. And

that's the factor that determines "standard" time. So, in effect, a rater tries to set a "fair day's work" that's acceptable to both management and labor.

Some experts claim that most time-study men overrate a poor performance or underrate a good one. Either way spells trouble—on costs, if the rater says a job should take 3 min. when it ought to take 2 min.; or with the union, if he says 2 min. when it should be 3 min.

• **Long-Term Project**—It's taken since 1947 to complete this project, first conceived before World War II. Herbert A. Lynch, Jr., working through New York University, has been directing the program.

SAM is ready to sell the films to any company that wants them. The cost is \$495 for each set of eight reels—plus all the necessary data.

The research job was financed by 14 companies, which put up \$35,000. The companies: American Viscose Corp., Armstrong Cork Co., Atlantic Refining Co., Eastman Kodak Co., Eli Lilly & Co., General Foods Corp., General Motors Corp., Owens-Corning Fiberglas Corp., Procter & Gamble Co., Wagner Electric Corp., Western Electric Co., Inc., Westinghouse Electric Corp., and Worthington Pump & Machinery Corp.

SAM gave the films a trial run in the sponsoring companies and reports a good reception. For example, Robert H. Pratt, chief engineer at General Foods, says the films are being used in their time-study training program for industrial engineers. His comment: "We're enthusiastic."

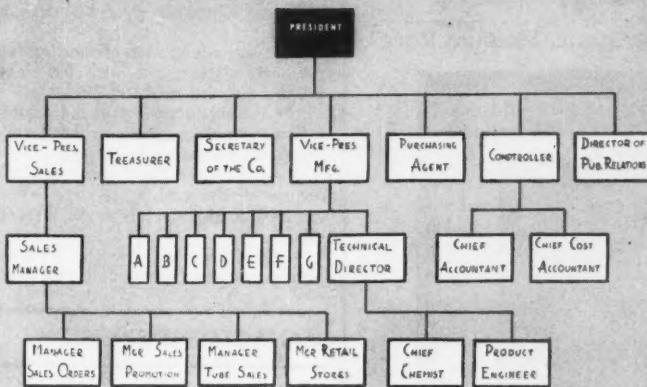
11 Companies Pool To Buy Racine's Airport

Eleven air-minded Racine (Wis.) corporations have put up \$250,000 to buy the Horlick-Racine airfield so they'll have a place to land their 17 company planes.

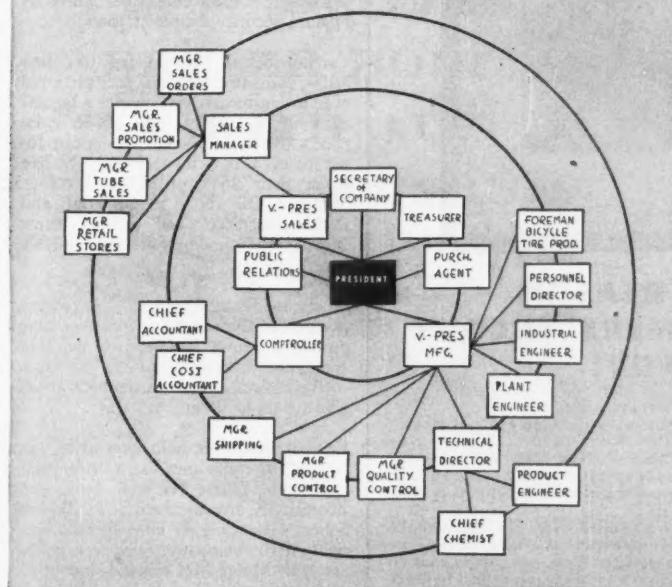
Racine's only landing field was about to be carved up for housing lots. It was built some years ago by three private citizens headed by Alexander J. Horlick of malted milk fame. The idea was to give it to the city. But the town fathers twice refused it, even for \$1. They wanted the taxes instead.

When Horlick died last June, his heirs decided to liquidate the airport, cut it up into small parcels. That's when the 11 corporations stepped in. They formed the Racine Commercial Airport Corp. and named Cole H. Morris, chief plant engineer at J. I. Case & Co., as president. Now it is planned to lengthen the runways, try to induce Wisconsin Central Airlines to start service again. Meantime, the companies will have a roost for their planes.

1. Most companies draw organization charts this way, but...



2. Here's how a psychologist does it.



Circles Soothe V-P Egos

Children aren't the only ones who can get their little psyches bruised very easily. Vice-presidents are quite sensitive, too.

At least that's the way C. G. Browne of Wayne University figures it. In an article published recently in the Journal of Applied Psychology, he offered a special organization chart (above) designed to keep vice-presidents from being

coming victims of inferiority complexes.

Above and Below—Browne thinks management would be wise to use what he calls the "concentric organizational chart." He lists five reasons. Chief among them is this:

It eliminates the feeling of inferiority that some people get from the traditional above-and-below organizational chart. Most people, he says, accept the

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...SO ROUTE THAT
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P.O.E..."



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Comparable Speed to All Intermediate Points

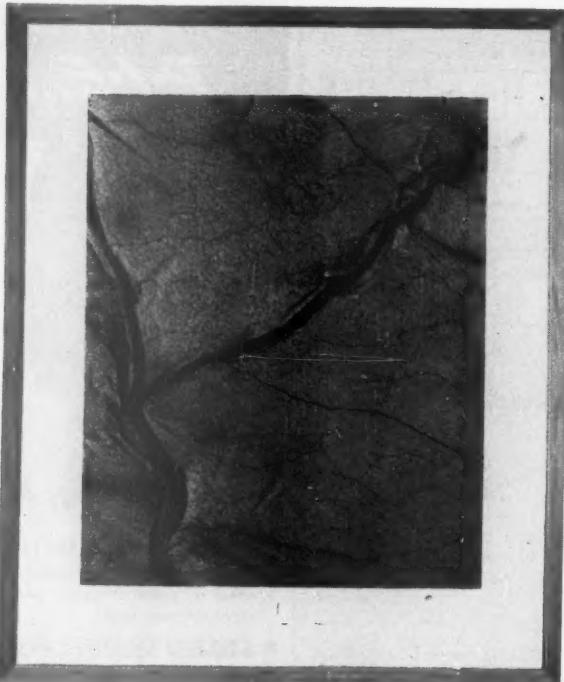


The logo for P.I.E. (Pacific Intermountain Express) features the letters "P.I.E." in a large, bold, black font with a white outline. Below the letters, the words "PACIFIC" and "INTERMOUNTAIN" are written in smaller, stylized fonts, separated by a horizontal line. The entire logo is set against a dark background.

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What is it?

A River View from the Air? T-Bone Steak, Medium Rare?



IT'S ANOTHER REASON PENNSYLVANIA FARMERS' INCOME IS SO STEADY!

You're a good guesser if you get this. For, even when you know it's a Pennsylvania farm crop, there's still plenty of room for gosh-hard guessing—so many farm crops has Pennsylvania.

This one is a tobacco leaf, greatly enlarged. And tobacco is just one of the big crop varieties that make it so good for Pennsylvania farmers—and for you! For, it's all these crops—buckwheat (Pennsylvania is top producer), eggs (Pennsylvania's second) and dozens more—that give them such strong, steady income through the year as well as

through the years.

Pennsylvania farmers are steady another way—in their reading of PENNSYLVANIA FARMER—the one farm paper that reaches 7 out of 10 farm folks twice a month. It belongs in your plans!

Few top-third states can offer you the steady prospect for farm sales like Pennsylvania. Two other states that do are Ohio and Michigan served by THE OHIO FARMER and MICHIGAN FARMER. For further information write B1013 Rockwell Ave., Cleveland 14, Ohio.



various levels of authority and responsibility, but top management overlooks the "emotional aspect" in the standard company chart.

Besides, Browne says, his circular chart:

- Does a better job of showing the personal relationships, with authority flowing outward in many directions.
- Presents a picture of the organization without loose ends—which a well-integrated company should be.
- Eliminates the "upside down" feature of the traditional chart. You can look at his from any angle, Browne says.
- Simplifies the design and understanding of how lines of authority flow.

MANAGEMENT BRIEFS

How to live shorter: Become an advertising executive, Advertising Age says. The trade journal reports that its 1950 obituary columns show the average age at death of admen was 57½ years—10 years short of the average span figured by Federal Security Administration.

Outside Boards of Directors (less than 50% company officers) are preferred over inside boards by America's biggest corporations. Only nine of 56 companies had inside boards, American Institute of Management found; 29 had fewer than 26% of inside directors. Standard Oil (N. J.), du Pont and Bethlehem Steel had 100% inside boards; B&O had a completely outside board.

Bosses are inverted at Jewel Tea grocery chain. To salve sensitive executives, new president George L. Clements has told top brass, including himself, "to think of themselves as first assistants to those who report to them."

Foreign languages help executives, according to companies like Conde Nast Publishing, Chase National Bank, and Moore-McCormack Lines. So Berlitz School is sending its language teachers right to the company; they even go to sea with Moore-McCormack students.

Charge your car: That's the latest gimmick of the Diner's Club (BW—Nov. 11 '50, p34). Just present your Diner's Club card to the auto rental people, they'll charge the car to your company. So far 53 cities have joined up.

Stocks for ideas: To help keep its 1,200 engineers happy—there's a critical shortage now (BW—Feb. 24 '51, p99)—Philco Corp. threw a banquet, told them that 130 awards a year will be made for bright ideas. The awards: blocks of Philco common stock.



The Colonial Insulator Company, Akron, Ohio, has been successfully manufacturing quality porcelain products since 1894. Which means they're in a position to recognize a good thing in the ceramics field when they see it. They saw it in ALCOA Alumina.

After extensive experimental work, Colonial recently began producing porcelain bodies containing approximately 15% ALCOA Calcined Alumina. The results were even better than expected. ALCOA Alumina not only lowered the coefficient of expansion and reduced thermal deformation, but increased resistance to abrasion, thermal and mechanical shock. Colonial porcelains are now stronger, whiter, more impervious and dielectrically superior to the old product—because of ALCOA Alumina.

BUILDING BETTER BODIES WITH ALCOA ALUMINA



Dipping Form - Rubber Glove

All over the country, successful ceramic manufacturers are doing great things with ALCOA Alumina. Whether they make abrasives or glazes, refractory bricks or glass, they know that by adding this uniformly pure aluminum oxide to their mixes, they make their products *better*.

For the qualities you want most in your ceramics, rely on ALCOA Alumina. It can make any ceramic product—*your product*—the best of its kind. We'll gladly tell you how. Write to: ALUMINUM COMPANY OF AMERICA, CHEMICALS DIVISION, 600c Gulf Building, Pittsburgh 19, Pennsylvania.



Betatron Tube

Alcoa Chemicals



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ALUMINUM FLUORIDE • SODIUM FLUORIDE • SODIUM ACID FLUORIDE • FLUOSILICIC ACID • CRYOLITE • GALLIUM

1/10 mile an hour

NEW WORLD'S RECORD!

ANOTHER EXAMPLE OF A

Better Way

DESIGNED BY P&H

That time is not for travelling down the road...it's for *building* it.

Until a few years ago, road builders couldn't work that fast with a whole army of machines. Now they do it with one . . . the P&H Single Pass Soil Stabilizer.

"Single Pass" means this amazing machine goes over the ground just once . . . pulverizing, blending, mixing, spreading . . . whipping up roads while you wait. The road it builds is smooth, uniform . . . lasts for years with very little maintenance.

The rest of the name, "Soil Stabilizer," tells you it builds with local soils . . . on the spot . . . instead of hauling in costly outside materials.

Add 'em up, that's four savings: machines, time, materials, upkeep. And you, the driver and taxpayer, get better roads for less money . . . a *better way*, designed by P&H.



QUALITY
FOUNDED IN 1884
SERVICE

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CORPORATION

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the P&H Line



TRUCK CRANES

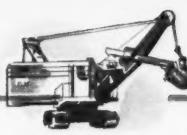
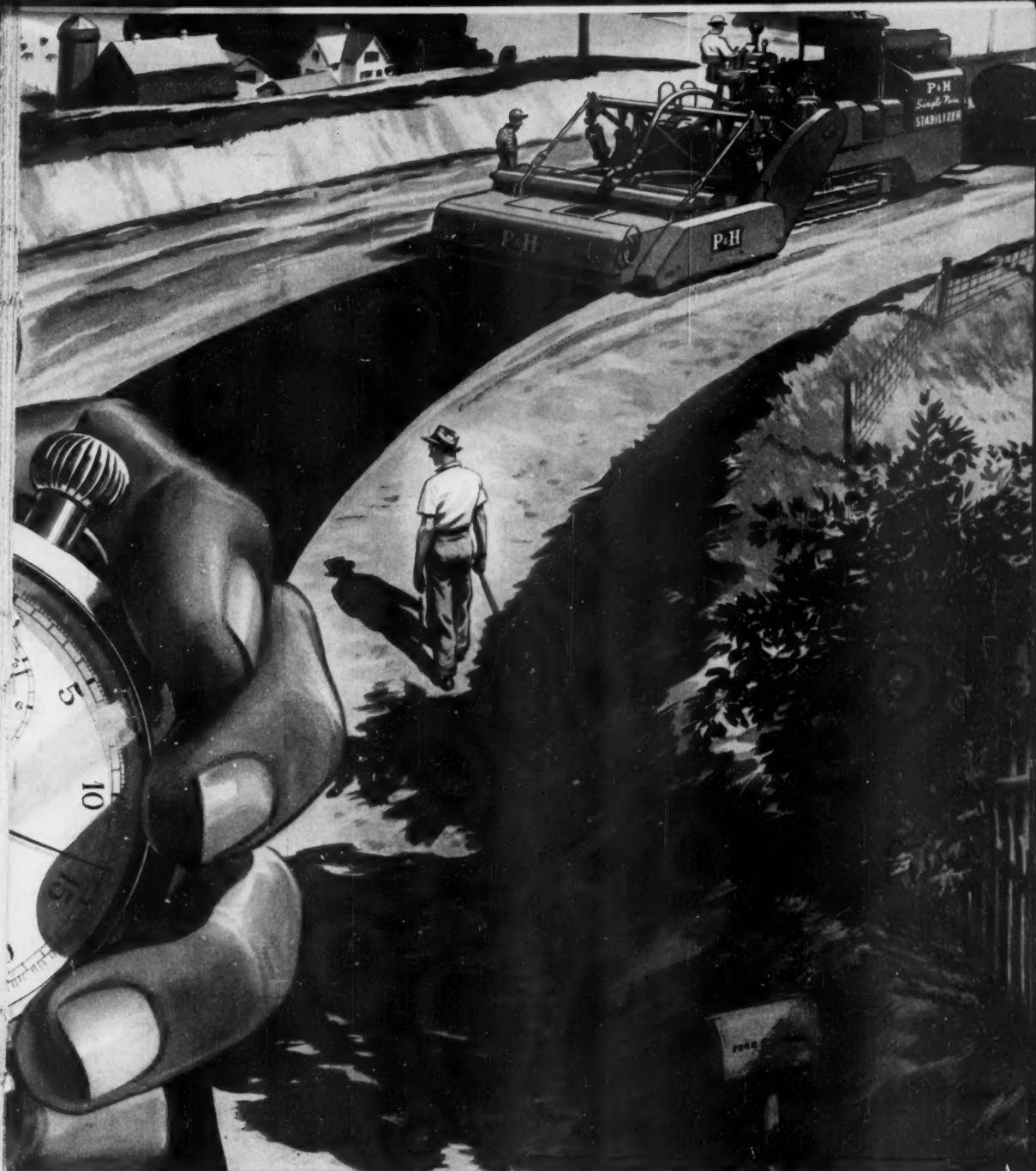


DIESEL ENGINES

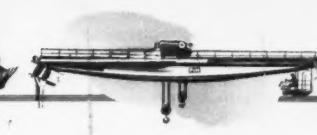


HOMES

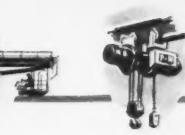




POWER SHOVELS



OVERHEAD CRANES



ELECTRIC HOISTS



WELDING EQUIPMENT



SOIL STABILIZERS



But what about his debt to YOU?

USUALLY the only debt a dishonest employee can pay, after he has been caught and convicted, is his debt to society.

And the stiffest sentence the judge can give him won't recover a penny of the loss you suffer when an employee steals from you.

So protect your business against such loss with Travelers Fidelity insurance.

Let your Travelers agent or broker tell you how

little this protection—tailored to suit the needs of your business—will cost. Call him in today.

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ALL FORMS OF INSURANCE AND SURETY BONDS

The Travelers Insurance Company, The Travelers Indemnity Company, The Travelers Fire Insurance Company, The Charter Oak Fire Insurance Company, Hartford 15, Connecticut. Serving the insurance public in the United States since 1864 and in Canada since 1865.

PRODUCTION



"NOT FOR ME." Small manufacturer Serio (left) can't make the tiny parts Weston Electrical Instrument shows at clinic.



"NOT THIS, EITHER." He shakes his head at electro-mechanical units that Bendix shows to potential subcontractors.



"NICE, BUT—out of my line." Gears for Piasecki helicopter transmissions call for tools Serio doesn't have in his shop.



"I CAN MAKE THAT." Curtiss-Wright has work he feels he can handle—metal-forming ducts for anti-icing systems.

Mr. Small Business Meets the "Primes"

James V. Serio, the boss of Dunkirk Die & Machine Works, is in a fix. He shares his fix with thousands of other small machine shops and manufacturing plants. Their trouble is simple and drastic: Materials for civilian products are rapidly petering out.

Naturally, small manufacturers like Serio would like a crack at the military market. In some cases, they'll need it just to stay alive. But they don't know how to get started.

On the other side, many prime con-

tractors are on the prowl for subcontractors.

A recent week-long production seminar and display put on by the Air Force Eastern Procurement District in New York brought the work-hungry small man and the big companies together. More than 4,000 small manufacturers turned out to see the show that 27 big prime contractors put on.

• **The Case of Dunkirk**—Here's the squeeze Serio finds himself in. His 35-employee plant, on Lake Erie's shore in

Dunkirk, N. Y., has turned out stampings, tools, and dies for 29 years. Right now, he's keeping his drawing and stamping presses busy on scooter bodies, pop-up toaster components, and shovel handle clips. But he knows that the cold-rolled and copper-clad steel sheet and strip going into these jobs may stop flowing into his plant any day—maybe tomorrow.

Diversion of steel into more critical products could leave Serio high and dry with his 17 skilled tool and die makers,



Kid Gloves Not Needed!

Here's one panel material that needs no "special handling." Reasonable care? Yes. Kid-glove treatment? NO. Douglas fir plywood is *real wood*, cross-laminated for strength. It's tough, durable, split-proof, puncture-proof. Won't crack, chip, break or shatter. Requires only ordinary woodworking tools and techniques. Does a thousand jobs...in building and maintenance, in product design and manufacture, in the packaging, shipping and container fields. The coupon brings more information; mail it today.

Put These Advantages To Work For You!

Douglas fir plywood is *real wood*, cross-bonded into panels that are:

Large, Light, Rigid

Stronger than Steel
(pound for pound)

Rugged, Durable

Split-Proof

Puncture-Proof

Crack-Proof

Shatter-Proof

Dimensionally Stable

Versatile*

Easy to Handle

Easy to Saw

Easy to "Jig"

Easy to Nail

Easy to Fasten

Easy to Glue

Easy to Bend

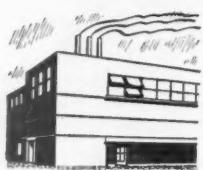
Easy to Finish



Plywood Shipping Cases
Are Light, Rigid, Strong



Plywood Gives Work Tables
Extra Strength, Rigidity



Plywood Siding Is Weatherproof,
Durable, Always Attractive



Smooth Plywood Panels Provide
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Please send me the following:

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CLINIC BOSS Brig. Gen. Arthur Thomas, chief of Air Force EPD, engineered subcontracting clinic to help men like Serio.

18 trained machine operators, and fully equipped, 8,500-sq.-ft. shop.

Serio knew the military services were dishing out contracts to large manufacturers. But he didn't know where to go to get a piece of this work—until he heard about the EPD get-together from the New York State Dept. of Commerce.

• **To Hear and Be Heard**—Here was his chance to find out what type of components large manufacturers want to farm out, what facilities and fabricating capacities are in demand. It was a chance to tell his story about the kind of work he does well and wants to do. And he found interested listeners.

Serio didn't sign up any deals at the show. But he got plenty of nibbles. There were lots of stampings his machines could take. He opened the door for further talks with instrument, radar, and propeller manufacturers, who could use the kind of facility he has.

• **Three Questions**—Small businessmen tossed three big questions at the prime contractors who exhibited:

• What do you want that we've got or can make?

• How soon do you want it?

• How much of it do you want?

"We want precision machining facilities," was the commonest answer to query No. 1. Small machine shops with milling machines, lathes, and gear-cutting equipment got an especially good hearing. "But we need close tolerances on our parts, on the order of 0.0005 in.," Air Force contractors warned. Electronic equipment makers were searching for electro-mechanical devices—containing electrical and mechanical components. There was a demand, too, for forgings and castings.

The other two questions brought less

encouraging answers. Potential subcontractors who need work quickly, and in production quantities, were in for a disappointment. That's because munitions production schedules are still limited, and most prime contractors want to ease into subcontracting gradually.

Primes at the show fall into four groups. Here's how they line up:

- **Small Wants**—First, quite a few of the AF prime contractors have small plants. They're strong on development and assembly, but weak on production and machining equipment. Companies in this boat need help fast. But they can't offer very attractive deals to lots of small shops because in most cases the quantities are small.

Lavoie Laboratories, Morganville, N. J., and Cameralfex Corp., New York, are typical of primes in this fix. Lavoie makes electronic equipment for the Air Force; Cameralfex builds 35-mm. movie cameras. Lavoie has sheet metal work and machined parts to farm out, but it wants only several thousand of any one part at most. Cameralfex is hard up for outside machine shop capacity to take on a wide variety of camera parts. But it, too, needs only a small number of any one part.

- **Ready and Able**—The second group of primes wants help right away, and they have production runs to parcel out. In this group, interest in subcontracting at the clinic ran high. But these were the exception, rather than the rule. Naturally, these exhibitors pulled big crowds.

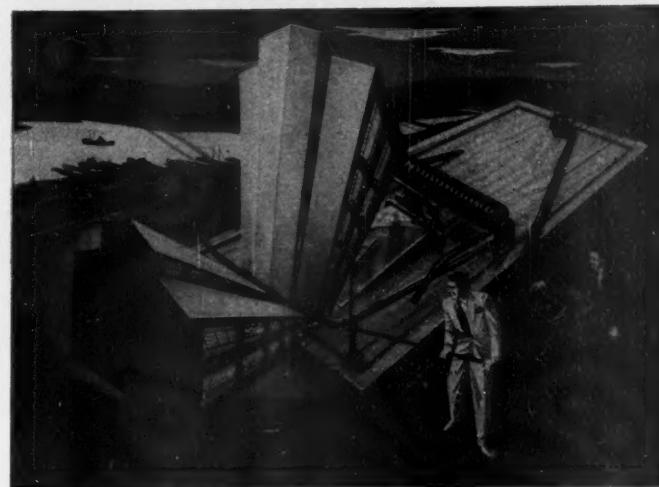
One company in this group is Wright Aeronautical Corp., Wood Ridge, N. J. If any company needs subcontractors to ease its growing pains, it's Wright. It has the R-3350 aircraft reciprocating engine in production, and the stops are soon to be let out on the Sapphire J-65 jet engine.

WAC needs subs with general-purpose tools. Shops with hardening and grinding equipment are on its welcome list. In fact, WAC has been so desperate for subcontractors that it trotted around a one-company parts show to some 16 cities in the East and Middle West. This junket yielded a list of more than 5,000 suitable shops. (EPD officers say that the success of WAC's display sparked the Air Force clinic idea.)

- **Looking Ahead**—In the third group are contractors who can handle present schedules within their own plants with little or no outside aid. Their only worry is that they might be caught later on. In case of war, zooming AF orders would leave them without any place to turn to for help. So they're eager to develop likely looking subs on a small scale. But they don't want big commitments at the moment.

Kearfott Mfg. Co., of Little Falls, N. J., thinks this way. It makes aircraft vertical gyros, servo motors, and radio

To relieve pressure on plant capacity...



use your custom molder's know-how

Higher production is being obtained in many fields of manufacture, not by increasing plant space, equipment, and manpower, but by assigning a share of the production load to custom molders of Durez plastics.

In enlisting the facilities of the molder you stand to gain in any or all of a number of ways. You may move up shipping dates...speed up the flow of parts to assembly lines...make your products safer, longer wearing, better looking, or less costly to produce.

Without adding to your own overhead, your custom molder brings into your picture a complete organization that, separate physically, works perfectly in a team with your own. Design co-operation, engineering, mold-making,

and production in plastics are among his talents. Knowing the virtues of *all* the plastics, he knows which *one* will return you the most for your dollar on any assignment.

Through long experience, your molder has come to recognize the Durez phenolics as dependable and versatile "work-horses" of the plastics era. He has proven their mechanical, chemical, and electrical properties in twenty-eight years of successful use.

Make a habit of putting new problems to your plastics molder. Durez research and development facilities are at his service...and yours...through Durez field engineers.

Durez Plastics & Chemicals, Inc., 4003 Walck Road, North Tonawanda, N. Y.



PHENOLIC PLASTICS THAT FIT THE JOB



CONCRETE helps steady a billion-mile aim

THE GIANT 200-inch Hale telescope on Palomar Mountain in California, with which astronomers hope to unlock cosmic secrets, is a huge camera. It records light from objects a billion light years away on photographic film. To guard against vibration during hour-long exposures, the delicate machinery which operates the telescope is mounted in rigid, shakeproof concrete independent of the concrete foundations and walls of the massive observatory dome.

This is another way concrete is serving mankind. Its resistance to weather, termites, vermin and fire makes concrete the ideal building material for homes, schools, hospitals, factories, farm and office buildings, pavements or pipe lines. Concrete can be designed to render years of trouble-free service under the most punishing climate or wear.

This unusual durability, resulting in fewer repairs and less maintenance, makes concrete economical construction over the years. Here's why, in simple arithmetic: Moderate first cost + low maintenance expense ÷ long years of service = **low-annual-cost** construction.

So whatever you plan to build, you'll be money ahead in the long run to choose firesafe, durable, **low-annual-cost** concrete construction.



PORLAND CEMENT ASSOCIATION

33 W. Grand Avenue, Chicago 10, Illinois

A national organization to improve and extend the uses of portland cement and concrete through scientific research and engineering field work

compass indicators. "We know from sad experience that it's tough to train a little fellow to do things our way," says Kefratt. "He always wants to do it his way, which we've probably already tried and found lacking."

Another in this group is Bendix Radio Division, Bendix Aviation Corp. Bendix found likely sources for electro-mechanical units at the show that it had never heard of. Philco Corp. is doing the same kind of thing with its microwave repeater unit that replaces wires in transmitting telephone messages.

• Still Growing—The last group is made up of contractors who were expanded for full-fledged production in the last war. Today their own plants still have lots of idle capacity. They want to build up production at home first. But they're still interested in good prospects if and when things break. A few such companies were at the EPD meeting, admittedly on a fishing expedition.

Glenn L. Martin Co., builder of the XB-51 three-jet bomber, said this to interested small manufacturers: We'll review your facilities. If you qualify, we'll put you on our active file to get invitations to bid on subcontract work if and when the need arises.

• Direct to Headquarters—The face value of contracts administered by EPD totals more than \$2-billion. It's to EPD's interest to help all its 620 prime contractors (holding 2,411 Air Force contracts). That means it's to its interest to help the little man who could help the primes.

EPD is thinking seriously about repeating its clinic, perhaps even putting it on a permanent basis. And the five other procurement districts in the Air Materiel Command—in Boston, Detroit, Chicago, Ft. Worth, and Los Angeles—may follow suit. The contractors-relations section of each district and AMC headquarters in Wright Field, Dayton, Ohio, is ready to help small manufacturers who think they have something to sell the procurement program.

Alloys Ease Scarcities

Crucible Steel Co. of America has found two new stainless type alloys that do not use cobalt or columbium.

One of the steels, CSA 39, can operate at temperatures between 1,300°F and 1,600°F. The other, Crucible 422, can withstand temperatures of 1,000°F to 1,100°F, and contains less than 1% nickel. The beauty of both steels, says Crucible, is that they don't need hot or cold working to develop high strength. Normal heat treating does the trick.

Early indications are that the steels can go into aircraft jet parts such as turbine wheels, combustion chamber liners, and after-burners. High-temperature steam turbines are a possible industrial use.

*Do I have to put up signs
to get some quiet?*

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Acoustical Ceilings!*



Thousands of "noise traps" in Fibreton

Acoustical Ceilings can help you end harmful noise,

Increase efficiency. Learn how little it costs to have these attractive ceiling panels installed.



Fibreton Acoustical Panels are easily, quickly installed over new or existing construction.

- Have you noticed that "noise control" is now so widely accepted as an aid to efficiency that offices without acoustical ceilings are becoming obsolete?

Even if your present offices were built before acoustical treatment became an established science, there is no need for you to put up any longer with distracting noise. A Johns-Manville acoustical ceiling can be quickly installed over your old ceiling with little or no interruption to regular routine.

Whatever your noise problem, whatever the kind of building, there's a J-M acoustical material that is *exactly right* to give you the best in sound control.

One of these products is Fibreton. The 12"-square panels contain hundreds of small cylindrical holes drilled in the sound-absorb-

ing material. As sound waves strike the ceiling, they enter the "noise traps" where the sound energy is dissipated.

Fibreton is pre-decorated, can be painted and repainted, and it's *low in cost*. Available with flame-resistant finish if desired.

Other J-M acoustical ceilings include Transite® Panels, made of fireproof asbestos; and Sanacoustic® Units, *perforated metal panels* backed up with a noncombustible, sound-absorbing element.

You'll be under no obligation to let us answer two executive questions: "What will the job cost?" "How soon can you do it?" For a prompt estimate, or free book on "Sound Control," write Johns-Manville, Box 158, Dept. BW, New York 16, N. Y.

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IT TAKES ONLY ONE
to install pipe



but FIVE
to repair it!



When you see repair jobs in progress, where low-first-cost pipe has been installed, you get a dramatic object-lesson on the economy of using durable material. Original installations are quickly made by pipe-fitters. But replacements call for hours of work by as many as five crafts: pipe fitter, mason, carpenter, plasterer, painter. The first failure may wipe out initial savings in cost, a dozen times over.

The fact that paying a little more for Byers Wrought Iron pipe means *paying a lot less for maintenance* is attested by the wrought iron pipe installations still serving in the country's older buildings, after periods of 30, 40, even 50 years.

For helpful tips on some of the many services where *Corrosion costs you More than Wrought Iron*, and the hows and whys of wrought iron's longer life, ask for "The ABC's of Wrought Iron." Write A. M. Byers Co., Clark Building, Pittsburgh, Pennsylvania

BYERS
WROUGHT IRON



SUPER SLEUTH: Canned foods pass through GE's inspector at 600 a minute.

Inspecting—1,000 Times Better

New quality-control crystal is far more sensitive than photo cell, spots flaws other devices miss.

High-speed quality control of products ranging from canned foods to blasting fuses is just around the corner. At least that's what General Electric X-Ray Corp. thinks. Its reason is a new inspection device—a crystal that its scientists have developed from cadmium sulphide.

Photoelectric cells, which are normally used for product inspection, are pretty shortsighted compared with the 20-20 vision of the cadmium sulphide crystal. The crystal is 1,000 times more sensitive than a photo cell; and it can increase the efficiency of an X-ray current that does the inspecting by 1-million to one.

• **No Short Cans**—Here's how GE X-Ray's device works on a production line:

A conveyor carries canned or packaged goods between the crystal and a low-powered X-ray machine. X-rays pass through a canned food and then onto the crystal. The products absorb the X-rays in varying degrees. An incompletely filled can, for example, will absorb a quantity of rays different from a wholly filled can.

The rays that pass through the product unabsorbed strike the crystal, causing it to give off electrons. When a "normal" number of rays comes through, nothing happens. But when the rays are greater than they should be



BLASTING FUSES are checked, too. Device is crystal-X-ray combination.

—as with an unfilled can—they increase the amount of electrons that the crystal throws out; then the extra electrons set off a relay that calls attention to the defective product on a meter or chart. The relay can also be made to stop the entire production line, or splash a dab of paint on the product to be rejected.

• **Big Future**—GE scientists have great expectations for the crystal inspector. They think the day will come when it will be able to spot impurities in foods and metals, as well as check their packaging. Beyond that, it may detect variations in material thicknesses and misalignment of a complete assembly.

Besides its sensitivity, the crystal also has several cost-cutting advantages. It eliminates the complex electronic tube amplifiers that must be used with photo cells. And because it's sensitive enough



Whether you seek an industrial site, a distribution headquarters or merely a good place to live, Saginaw, Michigan, offers exceptional advantages. It is one of the soundest and best-balanced cities to be found anywhere in America.

A busy manufacturing center with a population of 100,000 in city and outskirts, Saginaw specializes in no particular product. Manufacturing is so varied that Saginaw people must stop and consider which products to mention. Here are a few: Baking and food-processing machinery, tapes and measuring instruments, beet sugar, automobile parts, sheet metal products, conveyor equipment, sawmill machinery, boilers, graphite, seed cleaners, castings of iron and other metals, salt, chemicals.

Farming contributes to Saginaw's unusual stability. This is the center of the white navy bean and sugar beet belts of *Outstate Michigan*, and the world's largest bean elevator is in Saginaw.

Saginaw is a Great Lakes port. The Saginaw River flows through the city on its journey to Saginaw Bay, and lake freighters bring in their cargoes of oil, coal and other bulk products. Saginaw has excellent railroad, truck and air transportation also.

Situated 92 miles northwest of Detroit, Saginaw is on one of the main routes to *Outstate Michigan's* famous vacation-lands. To the north country is only a short drive.

"The world's best water" is brought 70 miles from the depths of Lake Huron—an example of Saginaw's civic enterprise. The city manager-council form of government has been a model for many communities. Saginaw has excellent schools, beautiful parks (including one with more than a mile of frontage on the Saginaw River), an excellent library and many other cultural advantages.

The people of Saginaw are the kind of people who build outstanding cities. They are industrious, home-loving, progressive Americans.

We would appreciate an opportunity to tell you more about Saginaw.

Check These Advantages of Outstate Michigan

- ★ Exceptionally High Percentage of Skilled Workers ★ In the Great Market Center of America
- ★ Wide Range of Materials, Parts and Supplies ★ No State Income Tax
- ★ Desirable Plants and Plant Sites ★ Dependable Electric and Gas Service
- ★ Excellent Living Conditions and Cultural Opportunities
- ★ Woods, Lakes and Streams that Make This a Foremost Vacation Area



*Shading on map shows territory served by Consumers Power Company

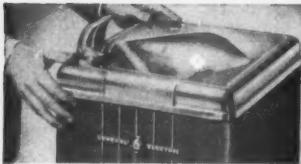
FOR FURTHER INFORMATION WRITE **Industrial Development Department**
CONSUMERS POWER COMPANY JACKSON, MICHIGAN

N-15-BW

Your employees will like the sanitary new G-E Water Cooler!



water
coolers



STAINLESS-STEEL TOP—Its handsome, satin-smooth Tampico Brush finish is easy to keep clean. Scientifically designed to prevent spillage. Sanitary—no crevices or corners to collect bacteria.



SURE-TREAD FOOT PEDAL CONTROL—Easy to use—permits drinking when hands are full. Sanitary—avoids transfer of germs from user's hands to bubbler.



ANGLE STREAM, NON SQUIRT BUBBLER—Stream angled to avoid water dripping back on nozzle from lips.



DIAL THE WATER TEMPERATURE YOU WANT—Control knob easily reached behind removable front panel, yet concealed against tampering. Set it and forget it.



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water cooler
requirements.
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to work from low-powered X-ray machines, high-cost concrete or lead partitions don't have to be put up to protect against radiation.

• **One Sale**—So far only one inspection unit has been delivered to a customer. But pilot-models are successfully working on liquids, rubber heels, and blasting fuses. Foods and liquids zip past the unit's eye as fast as 600 cans per min. Blasting fuses go by at 60 ft. per min.

Vibrating Abrasive Cuts the Hard-to-Cut

If a material is too hard to cut or machine to desired shape, abrade it to form. That's what can be done with a new machine produced by Cavitron Corp. It combines ultrasonic vibrations and commercial abrasive to cut through materials such as cemented carbides, hardened tool and die steels, sapphires, and diamonds.

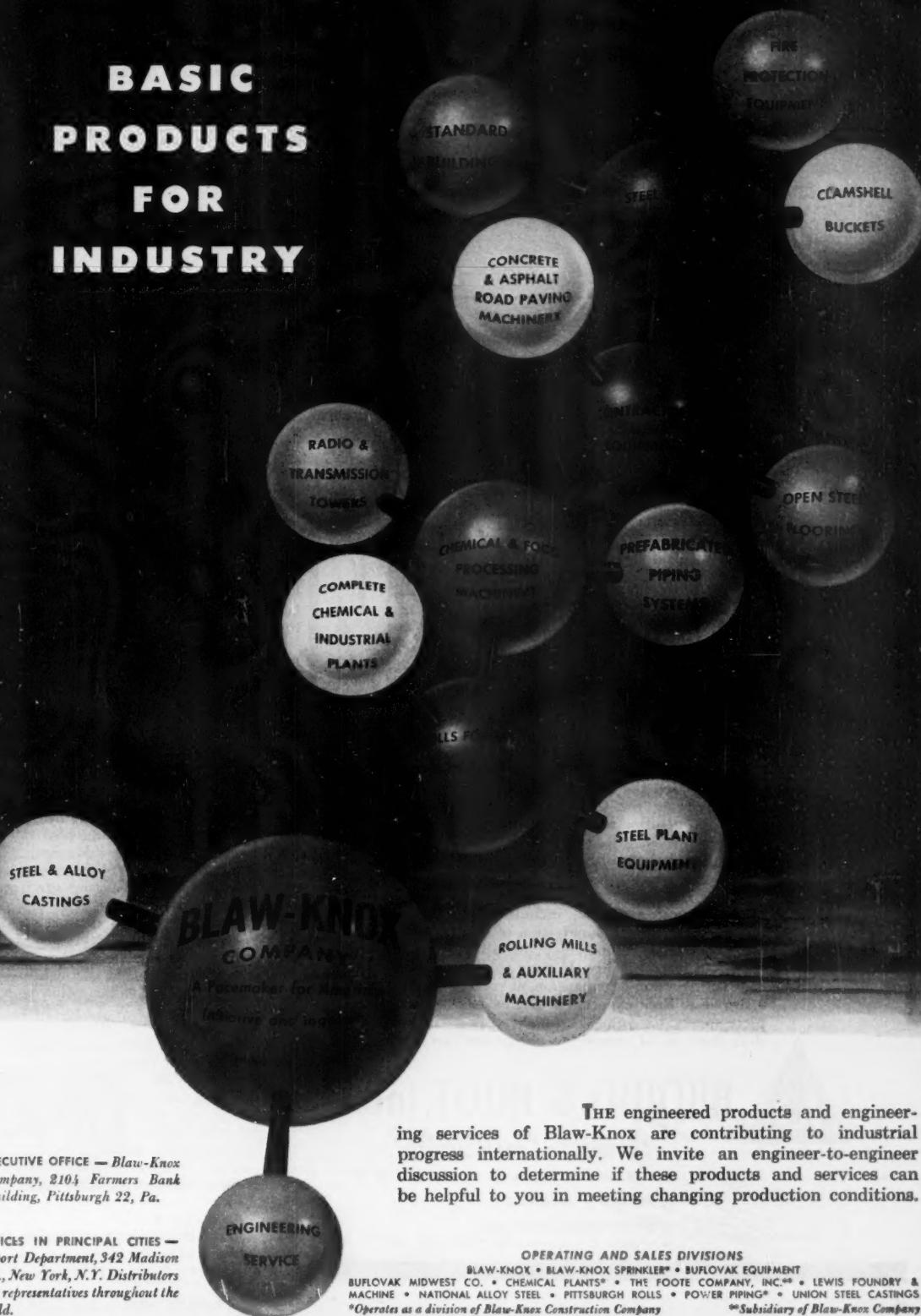
• **Operation**—Here is how a Cavitron machine works: A blunt tool, shaped to the desired hole or form to be made in the work, is vibrated 27,000 times per second on the work piece by an electronic oscillator. A liquid containing an abrasive, such as boron carbide, flows over the work and under the oscillating tool. The rapidly vibrating tool hammers away at the abrasive particles. This forces each particle to take a tiny bite out of the work piece. Result is smooth, yet speedy, cutting of the hardest materials.

Holes, openings, and recesses can be formed in diameters from 0.007 to 2 in., with tolerances of 0.002 in. To get extremely close tolerances, the job can be done in two steps. A roughing tool is used first, followed by a tool that gives the desired size. The surface is smooth enough for most jobs, so that no further finishing is necessary.

Cutting by this process doesn't heat the work, nor affect the material's chemistry or metallurgy. (The trouble with other methods for cutting carbides is that they heat up the work. This may change the material's microstructure and set up tough-to-relieve stresses.) The method can be used to cut ceramics and other brittle materials. That's because there is no shock and the material is not strained while being cut.

• **Has Many Uses**—Cavitron will tackle almost any job. It has put external and internal threads on hard materials. With it, too, Christmas tree patterns have been cut in roots of hard metal of ceramic blades to retain them in turbine wheels. It has also been used to make complex wire drawing dies, mark hardened tools and dies, and engrave letter dies. In hardened gears and gear

BASIC PRODUCTS FOR INDUSTRY



EXECUTIVE OFFICE — Blaw-Knox Company, 210½ Farmers Bank Building, Pittsburgh 22, Pa.

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THE engineered products and engineering services of Blaw-Knox are contributing to industrial progress internationally. We invite an engineer-to-engineer discussion to determine if these products and services can be helpful to you in meeting changing production conditions.

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*Operates as a division of Blaw-Knox Construction Company

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Realizing that low-cost transmission of natural gas, from its source on the Gulf Coast to the North and East, was vital to America's well-being, Texas Eastern Transmission Corporation purchased the Big Inch and the Little Big Inch Pipe Lines from the Government and converted them from oil and gasoline transmission to gas. The conversion contract was awarded to Brown & Root, Inc., who has done an outstanding job of converting and expanding this vast system.

The Brown & Root staff of specialists makes possible a completely integrated service, including plant location, thorough planning and supervision of construction, and delivery of a ready-to-operate plant, all under one contract . . . one responsibility. If your company's plan calls for new construction or expansion, at your invitation a Brown & Root expert will gladly make a complete survey for you. Why not call or write today; there is, of course, no obligation involved.



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cutters, the machine has cut oil holes and key ways. Stamping dies and form cutters have been produced by the process.

It's easy to maintain the machine, Cavitron claims, because few parts get any wear. The tool and the abrasive, both expendable, take the real punishment. The tool can be made of any tough malleable metal, such as cold-rolled steel. It takes little skill to run the machine, once it's set up for a job.

In addition to doing a job in the metalworking field, Cavitron has possibilities in the powdered metal and ceramic industries.

PRODUCTION BRIEFS

Aircraft carrier elevators for the USS Lake Champlain and USS Kearsarge have been ordered by the Navy from Westinghouse Electric Corp. The four elevators, two for each carrier, cost more than \$1-million. They are needed to move heavier planes now in use from hangar deck to flight deck.

Chemically treated wood is being used to refloor 500 flatcars of Rock Island R.R. The chemical, a phenol of Monsanto Chemical Co., is expected to triple the life of the decking.

Add a pinch of arsenic to the lead that covers underground electric cables, and you get better service, according to the engineering experiment section of the University of Illinois. The poison cuts down stretching and consequent cracking of the covering, permits higher pressures for the insulating oil in the cable.

An improved process for making hydrogen peroxide has prompted du Pont to build a production unit near Memphis, Tenn. Operational details of the process are still a big secret. The plant site is in the heart of the chemical's two biggest markets, the textile and paper industries.

Blast furnace planned by Bethlehem Steel Co. for its \$100-million plant expansion at Lackawanna, N. Y., will have an annual capacity of 540,000 tons. That's equal to the firm's record-breaking Sparrows Point (Md.) furnace.

Better porcelain-enamels for refrigerators, ranges, and kitchen cabinets are the goal of a Battelle Memorial Institute research project sponsored by porcelain-enamel producers. Finding substitutes for critical materials is another target.

First iron ore shipments from Republic Steel Corp.'s fields in Liberia are expected to arrive stateside late this spring.



MORE LIFT IN THE AIRLIFT

through

MAGNESIUM

LIGHTENS THE LOADS OF AMERICA

The airlift has already played a vital part in our history and will continue to shape our future. Airline executives find the airlift theme of "anything—anywhere" as economically applicable to commercial use as it is to military air transportation. Faster . . . higher . . . farther . . . with *more payload*—that's what modern aircraft design demands. And that's why magnesium, the world's lightest structural metal, finds ever increasing use in air transportation.

Magnesium ideally fits the service requirements of both commercial and military aircraft. A third lighter than the next lightest structural metal, it cuts critical pounds off weight . . . adds to payload . . . without sacrificing strength. Airline executives have estimated that each

pound saved in plane weight means an average revenue of \$133 per year per plane. On one type of airliner in service today, the use of magnesium brings a weight saving of 500 pounds.

In addition to lightness, magnesium is easily fabricated into all common forms . . . castings, forgings, extrusions, sheet and plate. These forms are readily machined, formed or otherwise worked by known methods.

Wherever a product is made to be moved or lifted, magnesium should be investigated. A vital metal in our aircraft today, it offers you tremendous opportunities in improving your product tomorrow. Keep your eye on magnesium if light weight is your aim.



*When lightness is important,
consider MAGNESIUM first!*

Magnesium can be extruded into an almost unlimited variety of shapes and sizes. By tailoring the extrusion to the job, it is often possible to eliminate costly forming and fabricating.

Magnesium Division, Dept. MG-13

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MOSINEE plants fibres for industry

In Mosinee Industrial Forests, seedlings by the thousands are being planted annually to replace the trees used for products of industry, assuring future supply of fibres vital to many products.

Also, on privately-owned acreage, Mosinee supplies the seedlings and know-how to convert otherwise waste land to fibre-producing forests for the future.

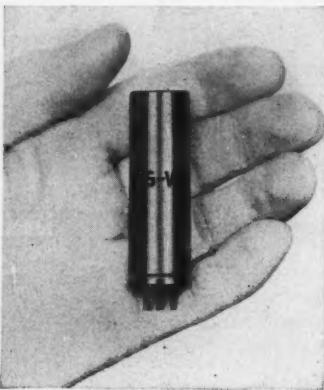
This reforestation is the first step in the process of making Mosinee Fibres that work for industry.

MOSINEE PAPER MILLS CO.
MOSINEE, WISCONSIN



MOSINEE
makes fibres work
for industry

NEW PRODUCTS



Changeable Relay

G-V Controls, Inc., has an adjustable, hermetically sealed timing relay. By turning a screw at one end, you can adjust the relay for intervals up to as much as 3 min.

G-V Controls' relay is $\frac{3}{8}$ in. in diameter and $2\frac{1}{8}$ in. in height, weighs $1\frac{1}{2}$ oz.—the smallest sealed timing relay available on the market, according to G-VC. The relay contact is single pole, rated at 6 amp. It will carry voltage up to 125 v., operate on both a.c. and d.c. Operating power is 4 w. It reportedly weathers temperature variations from -70C to 70C.

The relay also comes in a conventional size that is about three times the miniature's size.

- Source: G-V Controls, Inc., 28 Hollywood Plaza, E. Orange, N. J.
- Price: \$6-\$10.

Jigless Boring

Jig boring machines are too expensive for many small companies. Now, with an attachment made by Allan Mfg. Co., you can do precision jig boring on ordinary lathes.

The conventional method of jig boring involves a group of drills and a jig or framework. The jig, placed over the work, guides the drills as they bore into the work.

Allan's tool, called Du-Ona-Lathe, eliminates the jig. Instead, there's a handwheel that turns the work to successive positions for boring. Along the handwheel's rim is a scale, accurate to $\frac{1}{16}$ of 1 deg.

You attach the handwheel to the cross slide that fits over the lathe bed; the work to be bored faces the horizontal lathe drill. After each boring, you rotate the work to a new position.

Du-Ona-Lathe is made of Meehanite cast iron, fits most 9-in. and 10-in. lathes. It can also be used with surface grinders, milling machines, and drill presses.

- Source: Allan Mfg. Co., 22-76 Steinway St., Long Island City 5, N. Y.
- Price: \$79.50.

Fresh Food Preserver

Washington Laboratories, Inc., is urging shippers of fresh food to use its fungicide and antiseptic agent, called Fran-Kem. WL says that in one test the agent prevented bacterial growth on oysters and clams for 20 days. Fran-Kem is a combination of fumaric acid and sodium benzoate, comes in powdered form.

When a pound of Fran-Kem is added to a ton of ice in refrigerator cars, it helps preserve freshly caught fish and vegetables. Or you can dip vegetables, fish, fruits, poultry, and meats in water containing Fran-Kem in a ratio of 1 lb. to 1,000 lb. Crabs that had been treated with Fran-Kem were still in good condition after shipment all the way from Seattle to New York City and back, WL says.

- Source: Fran-Kem, Inc., 29 South LaSalle St., Chicago (sales office).
- Price: \$4 for 1 lb.

For After-Hours Banking

Herring-Hall-Marvin Safe Co. makes a small steel safe—like a night depository in banks—for companies whose driver-collectors pull in after regular office hours. It's called 2212 Drivers' Depository. You install it in the wall between the truck garage and company office.

Using a special combination, the driver unlocks a door that is at the top of the safe. He then revolves it a half turn and pulls it out. Attached to the door is a tiny drawer to hold the cash he deposits. Once he is finished, the driver replaces the door, revolves it again, and finally locks it. The cash drawer winds up in an upside-down position, and the money drops to the bottom of the safe.

A burglar can't fish out money once it's deposited even if he learns the combination. A special device prevents drivers from accidentally revolving the door or twisting the combination dial while the door is open. The safe comes in sizes from about $1\frac{1}{2}$ -ft. cube to 5-ft. cube.

- Source: Herring-Hall-Marvin Safe Co., Hamilton, Ohio.
- Price: \$700-\$820.



Why Price Lists on Paint are ALL WRONG!

Never try to figure the cost of a maintenance paint job from a price list. You can lose your shirt. Because all that price list gives you is the cost of paint *per gallon* . . . which is very misleading.

For instance . . . look at your price lists and you'll find that famous Barreled Sunlight may cost a few more pennies per gallon than many other good paints. But if you compare Barreled Sunlight with *any* other paint . . . not by price per gallon but by *actual on-the-wall performance* . . . you'll see what we mean.

Painting costs are determined not by how much less you pay per gallon, but by how much less paint you have to buy and by how much less labor it takes to put it on. That's where Barreled Sunlight shines.

Compare Barreled Sunlight with any other paint . . . by square feet per gallon, for man hours per job, for brightness and years of service . . . and you'll find that Barreled Sunlight will give you a

longer lasting, better looking paint job for less money than any other paint.

Our representative will explain a very simple test that will prove our point for *your* profit. Write and he'll call.

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Paints

In whitest white or clean, clear, pleasing colors,
there's a Barreled Sunlight Paint for every job

IT'S WAYS COSTS MORE NOT TO PAINT!



Your "ticket" to America's Greatest "Site" Show!

• "THE AMERICAN RUHR" it may well be called—the once quiet farmland of the Ohio valley that now is a humming center of industrial activity.

For your new plant, here are rich resources that offer untold possibilities—coal, petroleum, natural gas, water, salt and salt brines, clay. Transportation is excellent . . . power utilities are expanding fast.

But . . . it takes a trained staff to coordinate all factors involved and relate them properly to your specific needs. So we invite you to tell us your requirements. The B&O Industrial Development staff then will submit, *in confidence and without obligation*, a custom-made study—your "ticket" to America's greatest "site" show!

Ask our man! Industrial Development representatives are located at:
New York 4, N.Y. • Baltimore 1, Md. • Pittsburgh 22, Pa.
Cincinnati 2, Ohio • Chicago 7, Ill.



BALTIMORE & OHIO RAILROAD

Constantly doing things—better!

NEW PRODUCTS BRIEFS

Sheet metal measurements from 1 in. to .00005 in. can be made with a microscope machine from Hauser Machine Tool Corp., Manhasset, N.Y. It gives direct optical readings, eliminates micrometer screws. Price: \$7,700.

Furniture doesn't wobble if you use a Wobble-Stopper. Inserted on chair or table legs, it adjusts automatically to floor level because of silicone "putty" inside. Set of four retails for \$1.00-\$3.00. Distributed by H. K. Furman Co., 175 Fifth Ave., New York City 10.

A steel cradle for 5-gal. cans helps in pouring and mixing of liquids. The can holder swings or tilts on an inverted V-shaped stand. It's made by General Scientific Equipment Co., 1015 Packard Bldg., Phila., sells for \$4.95.

A ball pen, called Paper-Mate, has fast-drying ink that won't smear or blot on clothes and paper, according to the manufacturer, Frawley Corp., Los Angeles 34. Retail price is 97¢.

Heat-resistant enamel for finishing steel, aluminum, brass, chrome plate, gold, and silver is made by United Lacquer Mfg. Corp., 1001 W. Elizabeth Ave., Linden, N.J. Called Base Y 2323, it is said to be nonyellowing, can be applied by spraying or dipping.



Tube-Feeding for Plants

This potted plant is having a drink via a 3½-in. plastic tube inserted deep in the soil. You pour water through the cup-shaped top, let it soak into the soil through holes in the tube sides. The cup serves as a mixing bowl if you want to spike the water with a fertilizing tablet. Called Waterwell, the tube is made by Soilaire Industries, 1200 Second Avenue S., Minneapolis, costs 10¢.

READERS REPORT

What Do Figures Mean?

Sirs:

Here is a suggestion for an article in BUSINESS WEEK that I think might be read with interest by a lot of us who have long since packed the old economics book away in the attic.

With the forces of inflation and mobilization controls almost daily exerting new pressures on some aspect of the national economy, I believe there is a tendency for businessmen generally to take a greater interest in business indicators such as those carried weekly in your publication. I wonder, however, how many of your readers share with me a rather hazy idea of just what some of these indicators mean. The meaning of production and price indices is quite obvious, but I for one would like to see a good simplified discussion of the significance of fluctuations in money in circulation, prime commercial rates, and some of the other items under finance and banking. Here, for example, are some rather simple questions that I doubt many businessmen could answer with complete accuracy:

What determines money in circulation? What is the significance of the twenty-fold increase in outstanding Federal Reserve credit since 1941? Which of the indices shown is the best indicator of credit inflation?

And then I believe there are some relationships between various indices that have special significance.

Perhaps I am asking for a textbook on economics and finance, but I do believe there is an opportunity here for BUSINESS WEEK to do something for those of us who have neither the time nor inclination to go back to reading textbooks, but would like to know a little more about business indicators.

ROBERT L. TAYLOR

EXECUTIVE VICE-PRESIDENT,
MFG. CHEMISTS' ASSN., INC.,
NEW YORK, N. Y.

To reader Taylor a three-year free subscription to BUSINESS WEEK for a valuable idea. It will result in a whole series of articles explaining some of the business facts and figures that show up in the weekly indicators. Starting at the top of the list, this week we explain just what the figures on steel ingot operations mean (page 38).

Started First

Sirs:

It may interest you to know that your article "New Investment in Japan" [BW—Feb. 10 '51, p144] is not entirely correct.

The Japan Remington Rand Co. is



Who can help you step up defense output with brushing?

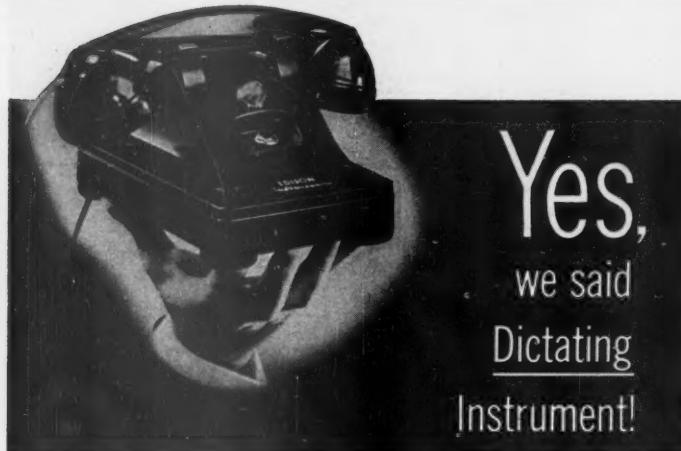
....Your OBA! If your production includes cleaning, finishing, polishing or deburring operations you should get the engineering assistance of your Osborn Brushing Analyst!

This specialist is continually helping manufacturers find ways to step up production, reduce scrap loss, eliminate operations and improve product finish with new, efficient Osborn brushes and brushing techniques. He will gladly analyze your operations and, with the aid of Osborn's extensive laboratory facilities, will suggest improvements. There is no obligation.

To get maximum defense production in these vital operations, call today for an OBA or write: The Osborn Manufacturing Company, Dept. 423, 5401 Hamilton Avenue, Cleveland 14, Ohio.



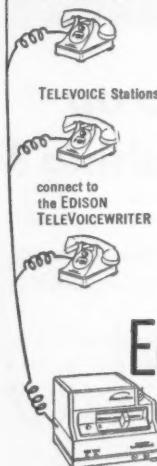
LOOK FOR THE NAME OSBORN . . . RECOGNIZED EVERYWHERE
FOR QUALITY WORKMANSHIP AND MATERIALS



The world's Smallest! Handiest!

Simplest! at $\frac{1}{3}$ the cost!

One to twenty



An Edison first, perfected after more than six years of proof on the firing line! Winning the most sensational acclaim in the history of instrument dictation! Easy to use as a telephone! Complete, remote control by push-buttons! "Delivers" dictation to EDISON TELEVOICE-WRITER at secretary's desk. Cuts cost of instrument dictation *as much as 66½%*!

Edison TeleVoicewriter

The Televoice System

GET THE WHOLE STORY—NOW! Send for this new descriptive booklet. Or, to arrange for a demonstration, call "EDIPHONE" in your city. In Canada: Thomas A. Edison of Canada, Ltd., Toronto 1, Ontario.

Thomas A. Edison
INCORPORATED



EDISON, 83 Lakeside Ave., W. Orange, N. J.

Okay—send me a LINE ON TELEVOICE.

NAME _____

COMPANY _____

ADDRESS _____

CITY _____ ZONE _____ STATE _____

not the first U.S.-controlled industrial enterprise to be set up in Japan since the war. On Jan. 1, 1946, The "Zewo" Mfg. Works in Kobe, Japan, started operations, employing 100 persons. Products: 10 hp. vertical diesel engines, material handling equipment, and machine tools. This enterprise was started and is solely owned by an American citizen.

HERBERT VON WOLFF
GENERAL MANAGER,
THE "ZEWO" MFG. WORKS, INC.,
NEW YORK, N. Y.

Tax on Desperation

Sirs:

You printed a letter from J. N. Sykes (BW—Feb. 17 '51, p105) that drags out some of the standard arguments for loading a patchwork of excises onto our tax system. According to Mr. Sykes, excises should be the "keystone of mobilization economic and fiscal policy."

I wonder if Mr. Sykes realizes that excises are just a form of price increase—that is to say, a form of inflation—with the government doing the profiteering, instead of the merchant? If it is wrong for General Motors to charge me a higher price for a car under price controls, why is it right for Secretary Snyder to charge me 20% more for it?

If I have to pay higher taxes, I want to be taxed on income, not on the desperation with which I need a new car or refrigerator.

JOHN SIMMONS
NEW YORK, N. Y.

Calculated Risk

Sirs:

Your excellent article on inflation and the stock market (BW—Feb. 24 '51, p114) throws some real light on a subject that is pitifully misunderstood. Personally, I am bullish on stocks, but I don't consider that I have an iron-bound guarantee from anybody that all my investments will pay off.

For too many investors—especially those who got burned in 1929—take the attitude that their broker ought to deposit collateral with them before they buy a stock. That, in my opinion, is why we had such dull markets during and after World War II. It's a wrong-headed idea. Buying stocks, like anything else, is a calculated risk.

R. L. MURCHISON
NEW YORK, N. Y.

Letters should be addressed to Readers Report Editor, BUSINESS WEEK, 330 West 42nd Street, New York 18, N. Y.

**Finest printing costs less
for Union Electric . . .**



**...thanks to the revolutionary economy
of *Consolidated* Enamel Papers**

It may seem a long mental jump from our scene high above Union Electric's giant Bagnell Dam on Lake of the Ozarks to the subject of lower printing costs. But for Union Electric it was a logical step.

Fine printed materials play an important part in distributing the vast production of Bagnell and eight other Union Electric plants. Naturally, their cost too is a factor in Union Electric's constant effort to deliver power at lowest cost to thousands of customers throughout the greater St. Louis area.

However, Union Electric didn't switch their prize-winning *Quarterly* and other fine printing to Consolidated Enamel Papers on the basis of cost alone. The move was made only after comparison with old-style, premium-priced enamels showed that savings of 15 to 25% could be made without loss of quality—thanks to the revolutionary process Consolidated pioneered.

If you'd like to make this same comparison, let us know. We'll be glad to prove that Consolidated Enamels do the finest jobs for less.

***Consolidated* ENAMEL PAPERS**



► Finest enamel paper quality at lower cost
is the direct result of the enameling method which Consolidated pioneered. Operating as a part of the papermaking machine, it eliminates many costly steps still required by other papermakers and produces highest quality paper, simultaneously enameled on both sides, in a single high-speed operation.

CONSOLIDATED WATER POWER & PAPER COMPANY • Makers of Consoweld—decorative and industrial laminates
Main Offices: Wisconsin Rapids, Wisconsin • Sales Offices: 135 So. La Salle St., Chicago 3, Illinois © C.W.P.&P. Co.

Out of 12 Years' Research “KAYLO” HYDROUS

WHAT IT IS

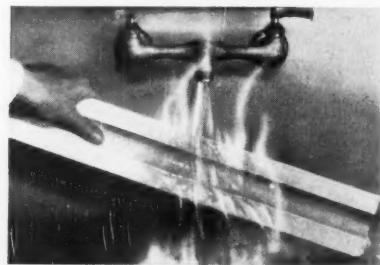
Kaylo is the brand name for a chemical compound of lime and sand. Its technical name is "hydrous calcium silicate". Introduced in 1943 by Owens-Illinois after many years of concentrated research, this material combines the highly important properties of incombustibility, heat insulation, strength and light weight to an extent not equalled by any other material.

Kaylo calcium silicate is not a glass product. It is made by chemical methods, from raw materials with which Owens-Illinois has had many years experience.

Kaylo material is produced commercially in *thermal density* (11 lbs. per cu. ft.) for use where heat insulation value is the primary need—and in *structural density* (20 lbs. per cu. ft.) for use where heat insulating and fireproofing needs are important in connection with substantial strength. Both densities are incombustible, exceptionally lightweight, dimensionally stable and strong.



INCOMBUSTIBILITY and resistance to heat flow are demonstrated by this bare hand test. Billions of microscopic air cells, formed during manufacture, give Kaylo material extremely low thermal conductivity and light weight.



INSOLUBLE IN WATER. In tests, Kaylo insulation has been boiled continuously for 24 hours and longer. After drying, it returns to its original state of strength and insulating efficiency. Kaylo material does not warp or support mold. It is rotproof and verminproof.

Comes a Better Material, CALCIUM SILICATE

HOW IT IS USED

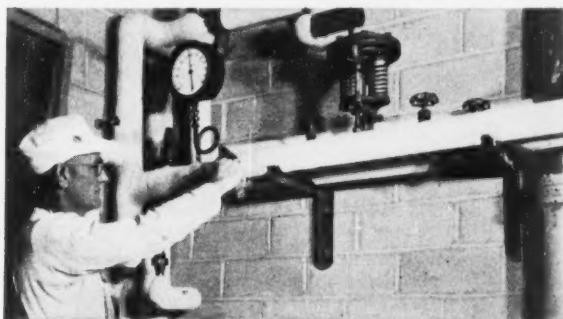
Kaylo material is the basic component for a line of building and insulating products manufactured by Owens-Illinois. Other manufacturers use Kaylo material in products, marketed under their own brand names. The unique combination of advantages offered by Kaylo material warrants attention by all progressive builders, building owners, manufacturers and designers.



KAYLO INSULATING ROOF TILE are high in insulating value, lightweight, structurally strong and incombustible. They form a long-lasting roof deck over which standard roofing materials are applied.



KAYLO LAMINATED PANELS, formed of Kaylo core material with cement-asbestos facing, are only 2" thick yet they give better insulating value than 16" of concrete. They form complete curtain walls or interior partitions.



KAYLO PIPE INSULATION and Kaylo Heat Insulating Block insulate efficiently up to 1200°F. Kaylo insulation is highly resistant to damage from water; lightweight and strong, it is easy to handle and apply.



KAYLO FIREDOORS built of incombustible Kaylo core material with wood veneer facing offer the beauty of wood plus rated fire protection.

KAYLO

...first in calcium silicate

...pioneered by OWENS  ILLINOIS Glass Company, Toledo 1, Ohio

C/R

APPLICATIONS

UNLIMITED

As infinite as the potentialities of American engineering. Such are the properties of Sirvane. An "unknown" to solve tough pliable parts problems . . . today, a pressure cooker seal . . . tomorrow, a diaphragm for super sonic aircraft.

You see, Sirvane is not a single product. It is the name which identifies the solution of many different problems embodied in the design and development of mechanical parts made from scientifically compounded elastomers (synthetic rubber). A group of elastomers devised to meet unusual design and performance specifications.

The original need is determined by you . . . the de-

ENGINEERS: For basic information, write for your copy of "Engineering with Sirvane". There is no charge.



SIRVIS

Mechanical Leather Products
Boots, diaphragms, packings and other products give dependable service under difficult operating conditions.



PERFECT Oil Seals

C/R seals are used in more motor vehicles, farm implements and industrial machines than any other shaft-type sealing device.

signer or engineer . . . because of the unique operational problem with which you are confronted. Guided by your specifications, Chicago Rawhide engineers develop a special design, create a new compound, and produce, in quantity, the resulting custom-built part under strict laboratory control. Consequently, in each case, the part possesses whatever combination of physical properties and characteristics you require. The degree of flexibility, hardness, resistance to extreme temperatures, pressures, fluids, gases, abrasion and wear is exactly right.

Sirvane serves dependably in thousands of unusual or difficult situations and it can do the same for you. Truly, Sirvane applications are unlimited.

CHICAGO RAWHIDE MANUFACTURING CO.

1231 Elston Avenue SIRVENE DIVISION Chicago 22, Illinois

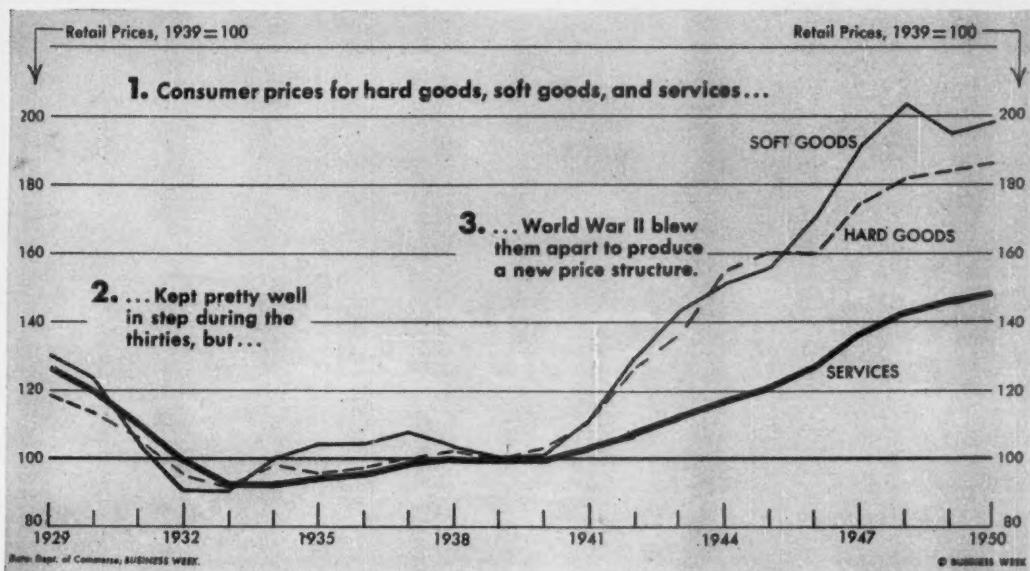
C/R

SIRVENE

THE SCIENTIFIC COMPOUNDED ELASTOMER

Cincinnati • Cleveland • Detroit • Toledo • Minneapolis
Kansas City • Houston • Los Angeles • San Francisco

MARKETING



Soft Goods Lead in Decade of Inflation

By using a new Commerce Dept. yardstick—the “constant-dollar” gross national product series (BW-Jan. 27 '51, p26)—you get some very revealing insights into the economy. On its face, it gives you an estimate of the production of goods and services in terms of 1939 dollars. It can also—if you know where to look—give you a graphic picture of what inflation has done to consumer prices (chart).

• **First Glimpse**—This is the first time we have had a chance to see what happened to price trends in broad categories of goods. True, you can get hints from the Bureau of Labor Statistics’ cost-of-living index. But the BLS job is basically a limited one. It measures only city prices, doesn’t cover rural areas. It includes only the types of goods the average worker buys—certain kinds of shoes, say, not the total range of shoes. But the Commerce Dept. job covers everything, everywhere in the U.S., and is thus pretty definitive.

The most startling thing about the Commerce data is that you can figure out from it the change in price relationships that developed during World War II. Before 1940, prices of soft goods, hard goods, and services marched in close formation. After 1940 they broke step, with soft goods racing ahead most rapidly, services dragging behind.

• **Soft Goods**—The speed of the soft-goods rise is not hard to explain. Food

makes up a large portion of consumer soft-goods expenditures, and, of course, food prices have soared.

Textiles, apparel, and shoes make up another big chunk of soft-goods expenditures—and hide and fiber prices have also shot skyward.

In hard goods, “administered” prices have been enough of a brake to slow the inflationary trend. The relatively few and relatively large manufacturers in such fields as autos and major appliances can exert control over the retail prices of their goods. And they do, for a lot of reasons—to keep their dealers from slashing each other’s throats, or, conversely, from seeming to bilk the public. So hard-goods prices tend to be sticky.

Here’s another interesting point: Ever since the war, everyone has been aware that we have had a “hard-goods economy,” in which the dollar volume of hard-goods sales has consistently made a better and better showing than soft goods (BW-Feb. 17 '51, p86). But if the dollar gain was great, the unit gain for hard goods was even greater, for hard-goods prices have not been inflated so much as soft-goods prices have been.

• **Services**—The lag shown by services is something else again.

To a large extent, you can attribute it to the downward pressure of government controls. Rent, which makes up

a large portion of consumer expenditures for services, has been controlled since early in World War II. Government has long controlled phone, transportation, and utility rates, which make up another big chunk of consumer expenditures.

This is one important factor in the price lag. Another is the fact that the ratio of capital investment to labor costs in many of the service industries is very much greater than in manufacturing. The utilities have had a clear gain here vis-a-vis manufacturing over the past few years: Never has it cost so much to hire labor; rarely has it cost less to borrow money.

On top of this, some utilities—the electric power industry, in particular—have been able to lower their operating costs through increasing output and greater efficiency.

• **Permanent?**—Will this price spread between goods and services become a permanent fixture of the economy? Or will the two begin to move closer once again?

No one knows the answer yet. Under normal, pre-Korea conditions, they might very well have become fixed in the present relationship. Now you can’t tell for sure. Rent controls are being eased; utilities and transportation services are asking—and getting—higher rates. These factors may help to close the gap some.



RETAIL AND WHOLESALE food marketers, plus some of Boston's main traffic streams, congest Faneuil Hall market district.

Boston Market: Due for Change



CUSTOMERS come from far away to take advantage of lower prices off the carts.

Boston's Faneuil Hall market district makes a hopeless tangle out of traffic. Through Friday and Saturday, the square is choked with pushcarts and stalls. Every day heavy trucks rumble in with produce for the big wholesale markets. For besides being one of the most active retail food markets in the city, the Faneuil Hall area is the heart of food distribution for all of New England and eastern Canada.

To add to the congestion, the market catches most of the traffic that spills out of the Sumner Tunnel, and much of it that is headed for the new Mystic bridge. It's an impossible situation, trafficwise.

Besides this, the district, though rich in history, is poor in modern food distribution methods. It started back in 1742 when merchant Peter Faneuil put up the city's first central market building. By 1826, Boston's food business had grown so rapidly that another build-

ing, Quincy Hall, was built close by to handle the overflow.

City fathers think the whole setup is due for an overhaul. Last week the newly formed Massachusetts Market Authority had its eye on several possible sites for a brand-new wholesale produce market. When they find the spot, they will move away most of the wholesale activity from the congested Faneuil district.

The new market will cost \$14-million. It's expected to save \$4-million a year in the cost of handling food; it will pay for itself in three years.

A large part of the pushcart and stall market in the district will vanish soon, too, to make way for Boston's proposed elevated central artery around the downtown district.

But there is sure to be some of the color of the old marketplace left in the antique Faneuil and Quincy Halls for sentimental Bostonians to enjoy.



"LADY, IT'S A BARGAIN." Canny housewives inspire oratory in sidewalk vendors. That's in keeping with the Hall district's reputation for flaming oratory.



SOME VENDORS will remain in the Faneuil market area after Boston's new produce market is built. But many will migrate to a new and modern site.



PITCHMEN add to the congestion. Traffic gets so tied up that police have to control the crowds of vendors who jockey for best position in the streets.

WHERE
Cold Roll Forming
GOES IN...
*High cost
goes out!*

The cost-reducing features of Yoder cold-roll-forming machines are three- or four-fold:

1. High production, averaging 5000 feet per hour, with only one operator.
2. Rolls pull stock into, and push finished shape out of machine, thus providing automatic, cost-free materials handling.
3. Box, tubular and other specially designed roll-formed shapes give highest strength with lightest weight, often saving up to 50 or 60% on material cost alone.
4. Many other operations can be performed in a Yoder roll-forming production line, at little or no extra labor cost, such as perforating, notching, embossing, lock-seaming, welding, coiling, curving, cutting-to-length, etc.

If you make anything from flat rolled metal, investigate the possibilities of cold roll forming it. Send for 86-page book of information on the mechanics as well as economics of doing it "the Yoder way". Consultations and estimates without obligation.

THE YODER COMPANY
5530 Walworth Ave. • Cleveland 2, Ohio





VICTOR M. RATNER, advertising vice-president, writes with the touch that makes . . .

Macy Ads Sell Macy's

**Why are you
buying so much,
New York?**



FEW RECENT advertisements have stirred up as much fuss as this copy from the R. H. Macy department store.

To the believers, it was a generous exercise in patriotism. To the cynics, it was a sly way of peppling up sales under the mask of good citizenship. Last week the debate was still going on. Publicist Edward L. Bernays wrote in Printers' Ink:

"Telling [people] not to buy in full-page advertisements may encourage the situation it tries to stop, for such in-

tensified fear and anxiety are not based upon reason in the first place."

Macy's, of course, swears it was all done in good faith—as it undoubtedly was. The advertisement was ordered by the president of the entire Macy operation, Jack I. Straus. The president of Macy's, New York—Richard Weil, Jr.—was in on it. Victor M. Ratner, vice-president in charge of advertising and public relations, wrote it.

• **Accent on Ads**—The ad is part of a whole series that the New York store has on tap. And the series, in turn, is the result of a transformation in Macy's vast New York store. Here president Weil has been busily forging a new team topside that is supposed to jack up operations all around. Advertising and public relations loom big in this scheme—as well they might, with arch-enemy Gimbel's just around the corner.

• **Gimbel's Fitz-Gibbon**—In fact and fable, the Macy-Gimbel's feud is a famous one. Ten years ago it grew even more famous when Gimbel's installed Bernice Fitz-Gibbon as its advertising strategist.

An ex-Macyite, Fitz-Gibbon got into the big time in the early 30's, had coined Macy's slogan: "It's smart to be thrifty." But when Macy's—in her opinion—applied this yardstick too scrupulously to her salary, she left in a high dudgeon.

After a hitch at Wanamaker, she

teamed up with Gimbel's and poured her soul into building Gimbel's sky high while razing Macy's to its 34th St. curbstones.

Her work was amazing. Her copy themes portrayed Gimbel's as "good old Gimbel's, the plain store for plain people." But there was no corn in her handicraft. It was slick stuff—the kind of language people remember. Her "nobody but nobody" phrase got to be a nationwide colloquialism.

Gimbel's sales soared, while Macy's advertising department languished.

• **Macy's Ratner**—In mid-1949 president Weil had had enough of this adverse combination of Fitz-Gibbon and his own low-pressure advertising shop. He decided to invest \$60,000 a year in Ratner, who was then vice-president of Columbia Broadcasting System.

I. Through School in CBS

To Weil—as to many others—the name CBS has magic. From its earliest years, CBS has had a reputation for being a school that trains bright young men in promotion and research. Ratner was one of its brightest graduates.

That was a complete switch on his academic career. Neither at Columbia—where he studied journalism—nor at Michigan—where he made a pass at architecture—had he completed the curriculum. In fact, the sole dent he left on the scholastic world was as a pretty good wrestler and an incessant talker.

He drifted. He was variously the "world's worst draftsman" and a clerk (at Macy's, among others). Then he parlayed an office boy's job into the vice-presidency of a small advertising agency. He got \$60 a week, and was soon tired of it.

• **Meets His Mentor**—So, through a friend, he got in touch with Paul Kesten, the CBS advertising and promotion chief. Kesten hired him for \$75, has been Ratner's idol ever since.

Even then—in 1930—Kesten was beginning to have an aura of the fabulous about him. He wrote sparkling copy, attracted ambitious youngsters, had a passion for souped-up automobiles. He preached two pet theories: (1) Keep a copy theme going for all it's worth while it's hot; and (2) do it by teamwork.

What made Kesten's performance all the more glittering was that the product he was selling—CBS—was then the underdog. National Broadcasting Co. got there first in snaring off the best stations. Says a CBS executive about that wobbly era, "You couldn't hear half our network when a strong wind was blowing."

Kesten dug up copy theme on copy theme—most of them dealing with audience measurement and research—and stuck with it until CBS was safely out

Kimpak® Float Packaging



DINING TABLE
Surface Protection

Cuts shipping costs— reduces damage in transit!

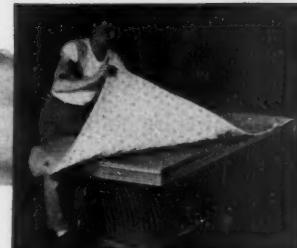
Does the product you make get the best possible shipping protection on its way to market? Does your packaging operation move quickly—with minimum demand on labor and material?

A vigorous "yes!" is answered by the scores of companies that investigated—and changed—to KIMPAC® Float Packaging. For it's the world's most effective cushioning protection, at lowest true cost.

KIMPAC creped wadding is a pre-fabricated, grit-free material available in many thicknesses. It's soft, clean, easy to apply as wrapping paper. Regardless of the type of product you ship—you'll find a specification of KIMPAC designed especially to protect against countless

shipping hazards. It cannot mar or chemically affect any type finish—protects against scratching, rubbing, press-marking. And because KIMPAC is not a waste material, but comes in rolls or sheets, it can be "tailored" to meet your particular requirements.

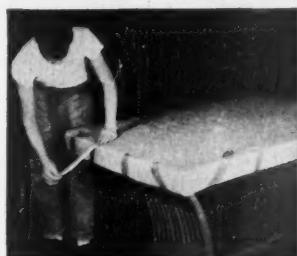
Try KIMPAC soon—for any of the Four Basic Methods of Interior Packaging: Bracing and Blocking, Flotation, Surface Protection, Absorbent Packaging. For further information, see your nearest KIMPAC distributor listed in classified telephone directories under "Packing Materials" or "Packing Materials—Shipping"; or write to Kimberly-Clark Corporation, Neenah, Wisconsin.



1. Pre-cut blanket of KIMPAC is laid over entire top of table.



2. KIMPAC blanket firmly taped in place protects all edges and corners of top.



3. Without further packaging protection, table is now ready for truck shipment to any part of the country.

Dining table illustrated is a product of the *Ruey Furniture Company, Sheboygan, Wisconsin.*

FREE BOOKLET

KIMBERLY-CLARK CORPORATION
Neenah, Wisconsin

BW-351

Please send me free, the illustrated
KIMPAC booklet, "Float Packaging."

Name _____

Address _____

City, Zone, State _____

Kimpak
REG. U.S. PAT. OFF. & FOREIGN COUNTRIES
CREPED WADDING



NIBROC® TOWELS

World's Largest
Selling Towel for Industrial
and Institutional Use



Best for schools, office buildings, factories, stores, hospitals. Fast drying, soft, absorbent, lint-free, economical. Available through your local paper merchant. Write for samples. Address Dept. B-4.

A PRODUCT OF



BROWN Company

Berlin, NEW HAMPSHIRE

GENERAL SALES OFFICES:
500 FIFTH AVENUE, NEW YORK 18, N. Y.



Fuller

ADHESIVES FOR INDUSTRY

H. B. Fuller Co. St. Paul 2, Minn.

Kansas City 6, Cincinnati 2, Atlanta, Chicago 47,
San Francisco 8, Buffalo 7

of the woods. Ratner was the team mate in this day-and-night struggle. Eventually, a third member joined the group—a researcher from Ohio State University whom Kesten paid \$50 a week to solve his statistical riddles. His name: Frank Stanton, today president of the network.

• **To the Top**—As Kesten moved toward retirement, CBS tried to bring in high-powered outsiders to plug the huge gap. Invariably they flopped. So Kesten's two disciples were put in charge: Ratner to supervise over-all promotion, Stanton to direct the research.

They worked as a close—and curiously complementary—team. Stanton was the essence of precision, correctness. Ratner blithely missed deadlines, stammered when he got excited (which was often), didn't bother to be diplomatic.

II. War Years in Washington

By 1941 Ratner had a nice shiny reputation up and down Madison Ave. But he was getting tired. He worried, too, about how much future was ahead of him. So he wrote a 150-page letter of resignation (100 pages criticized the CBS promotion setup, 50 praised it) and joined the old Lord & Thomas advertising agency as a \$30,000-a-year vice-president. This marriage withered in short order. Ratner didn't find the atmosphere "congenial."

• **A New Idea**—He headed for Washington to take a job with the Office of Price Administration, and trimmed sail to live on \$6,500 a year. At OPA he met Robert E. Sessions whose ideas and theories he got to admire a lot. (Sessions is now a principal in the Alderson & Sessions research firm.) Ratner's new mentor had once been an executive with the Tennessee Valley Authority, where he had learned that you can often spread information effectively through community institutions—churches, lodges, clubs, etc. OPA promptly gave this approach a try with Sessions and Ratner at the wheel (BW—Aug. 8 '42, p36). Ratner has been a "community" enthusiast ever since.

From OPA Ratner transferred to War Dept. public relations where "I learned that we still don't know how to inform the people of the U.S." He continues to stick to this opinion, plans to write a book about it entitled *The Logistics of Information*.

• **On His Own**—In 1943 Ratner put up his own shingle as advertising and publicity counselor. The venture had indifferent success. A couple of years later, Ratner rejoined CBS as vice-president. "I'm a team player," he says, "and I like to work on big teams—given a couple of bright guys to help me stir things up."

Then came the negotiations with

Macy's. Ratner wrote Weil an 11-page letter in which he blocked out some ideas. The ideas, incidentally, included salary. Apparently, the money end was not completely nailed down at that time—figures of \$50,000 and \$60,000 were being kicked around. So Ratner firmly got himself on record that:

"If I make good, everybody's happy—and it's an academic issue that I'm paid \$60,000 instead of \$50,000 (except to me)."

III. Time to Think at Macy's

During the first year at Macy's it became plain that Ratner—who had been geared to the frenetic world of broadcasting—was changing. He barely touched the day-by-day Macy operation. Instead, he sat back and watched, got to be known as a "reasonable guy." His explanation of the phenomenon is:

"I had to study this thing out. In radio you can't do that—you've got to work fast because if you lose three or four accounts the whole operation comes apart at the seams. But Macy's is so enormous, has so much momentum, that you can afford to put on your thinking cap. Another thing: Sure, radio has its audience ratings as a kind of guide; but in the department store business you know the next morning—when you get yesterday's sales results—how well you've done. That's kind of frightening. I wanted to get my feet on the ground."

• **A Program for Macy's**—Now his program is just about set. In general, Ratner has worked up three patterns, drawing on past experience:

(1) The Macy advertising and promotion setup will work strictly as a team. Ratner feels that nobody has yet improved on the old Kesten system.

(2) Macy's campaigns hereafter must have coherence. No matter what the copy says, a general idea must thread through the advertising.

(3) The idea itself is to keep building up Macy's as the "community" store to which the public will bring its confidence (and dollars). Specific-item advertising alone, Ratner feels, won't do the job. He told Weil:

"Sure, we know that the best way to make most people come most of the time is to make them want to buy specific goods, so we try to make the store's specific goods sound as attractive as possible. But there is another X percent of the people we want to bring through those doors even when they're not thinking about specific items." Hence, the "community" fillip.

• **Variations on a Theme**—Three aspects of this "community" theme already have appeared in print. One was the antihording advertisement.

Another is a piece of copy that tells the public that Macy's is always on the

customer's side, watching out for his best interests, saving him money:

A third is the "fun" approach. Here Macy's wants to get across the feeling that—in spite of its size—it still has a heart like this:



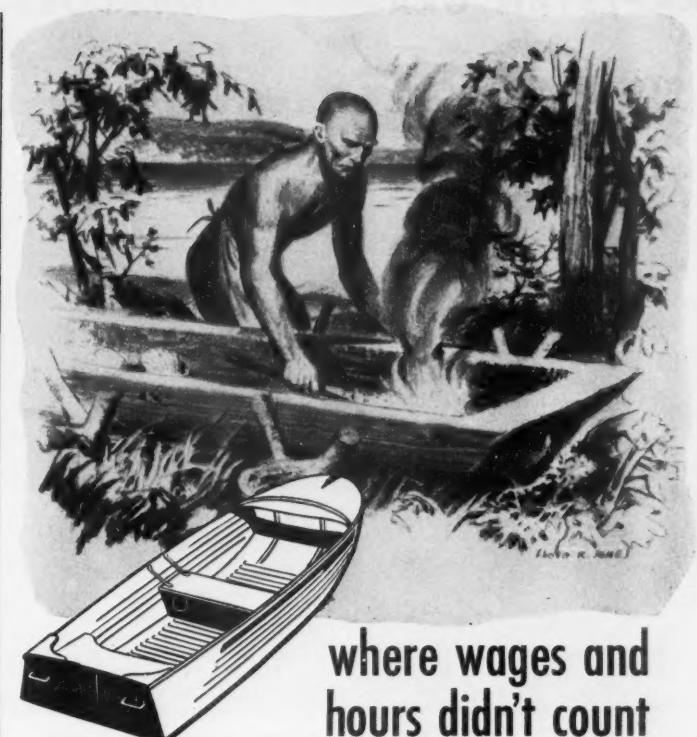
IV. From Copy to Management

To those who have known him a while, the most interesting facet about Ratner currently is his transformation from a copy man—and often a brash one—into a management man.

* **Echoes of Kesten**—In this evolution, Kesten—whom Ratner continued to consult long after Kesten left CBS—had a strong hand. He advised Ratner that it's fine to hold the spotlight as a star writer for a while; but that the fellow who tries to be a scene-stealer as he gets older may wind up on the junk heap.

On the way up, Ratner also brushed with psychology and psychiatry. After a bout with the mental sciences, he breezily summed up his research thus:

"You tend to over-compensate when you're young. You work like hell to make up for your fancied shortcomings. That's fine. You get places. But the



where wages and hours didn't count

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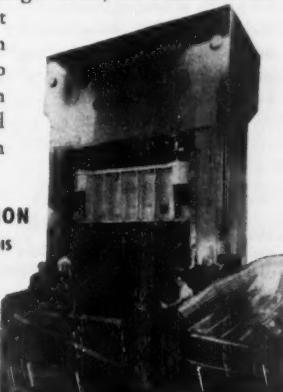
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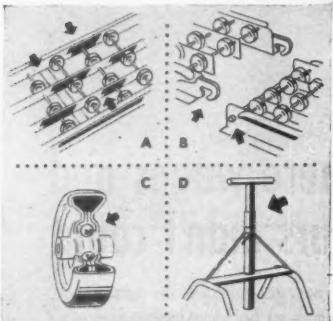
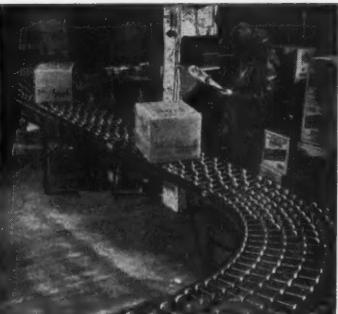
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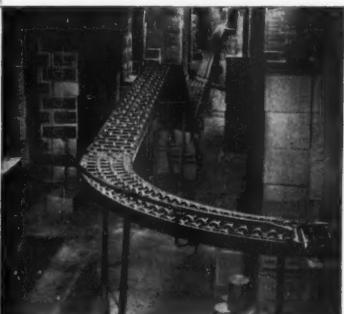


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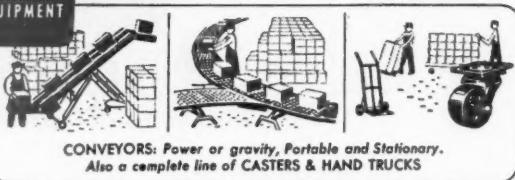
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guy who tries to compete with the symbol of his father at 18 is crazy to keep it up until he's 50."

• **Never Underestimate . . .** —Undoubtedly, Ratner's second marriage has been a major influence, too. He talks of his wife as "the sincerest, most real person I ever knew." She's Letitia Ide, who was a featured dancer in several Broadway hits ("As Thousands Cheer"), is continuing currently in modern dance performances. They've been married 15 years, have two children. Their easy-going establishment shifts between Park Ave. and a farm near Woodstock, Vt.

Ratner is 47 years old. "People don't seem to believe it," he says. "As for Tish (Mrs. R.), people think she's about 26."

MARKETING BRIEFS

First tenant for Wilmington's long-talked-of Merchandise Mart will be Strawbridge & Clothier. The Philadelphia department store plans its biggest branch in the development, which is slated to open early next year. All told, there'll be 48 stores in the \$20-million project.

Low-cost classical records made by Remington Records, Inc., will be sold in F. W. Woolworth stores. Remington long-playing discs retail for about a third less than those of the major record companies. Woolworth has carried only popular records up till now (BW—May 27 '50, p78).

Candy merchandising will be one of the main topics at the April convention of the National Assn. of Tobacco Distributors. The reason for the association's interest, spokesmen say, is that more than 60% of all candy moved at wholesale is sold through tobacco distributors.

Storms of protest from the home furnishings industry greeted government plans to take over New York's Furniture Exchange. State Dept. wants the building for Voice of America personnel and broadcasting facilities. It will condemn it if necessary.

Light bulbs for free: Detroit Edison replaced more than 11-million of them last year for customers, serviced 500,000-odd appliances—all gratis. The goodwill plan apparently paid off: Profits were up more than \$3-million, to \$17-million, and the number of Detroit Edison's customers climbed from 831,776 up to 871,008.



Christendom was saved by steel

ALL day long, waves of Arab horsemen beat upon the ranks of Charles Martel's veteran militia. But time after time, the enemy cavalry recoiled before storms of iron-tipped javelins, their shining scimitars unsuccessful. On the second morning, the Saracen leader, Abderrahman, was slain, pierced with many spears. The Moslem horde fled back across the Pyrenees, never again to menace the Western world.

Time after time, as at Tours in 732 A.D., Christian civilization has been threatened by seemingly invincible enemies. Yet history proves that victory invariably has gone to the nation or alliance which excelled in the production and use of iron and steel.

In the present era of alarms and crises, it is

reassuring to realize that America has greater capacity for making steel than all the rest of the world combined. Furthermore, the American steel industry is expanding at a rate far faster than that of all the dictator-directed economies behind the Iron Curtain. Our free and independent steel making and metal working industries can and will forge sinews for the peace we want or for the war we may be forced to fight.

So remember this: It is not only the threat of Muscovy to fear—America has itself to fear also—its misguided sentimentalists, its sheltered saboteurs—who seem to play communism's game by frittering away our strength and our resources.

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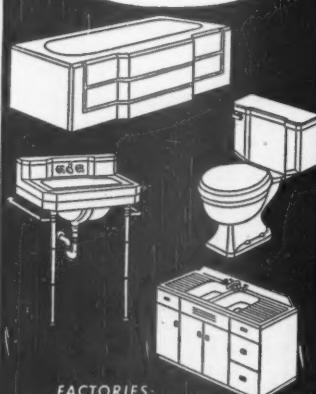
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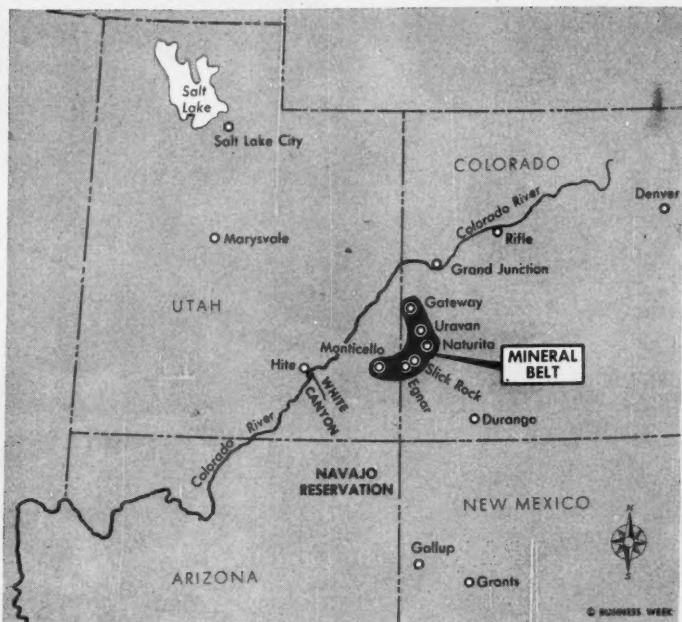
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REGIONS



THE COLORADO PLATEAU was exploited first for radium, later for vanadium.

Exploration Widens the U.S.

The Atomic Energy Commission's three-year campaign to develop domestic sources of uranium is beginning to pay off.

Within the past year, four promising ore deposits have been discovered in the Colorado Plateau area. In 1947, when the AEC program was launched, there were only two mills producing uranium from Colorado Plateau ores. Today five are going full blast (plus one pilot plant), and two more will go into production this year.

• **Volcanic Origin**—Way back in geological history, pitchblende or some other uranium-radium mineral was spread over the area that's now the Colorado Plateau, probably by volcanic action. Over the ages, this was worn away, dispersed by water, and became little more than a trace in sedimentary rocks, which in their turn were worn away and dispersed. Thus the ore bodies are small and spotty; veins of ore thicken or thin out unpredictably and often pinch out entirely. Sometimes (but not always) they reappear a short distance away.

It is these remnants that have been explored and exploited for 40 years—first for radium, later for vanadium, and now for uranium, formerly con-

sidered an almost worthless byproduct.

• **"Mineral Belt" Area**—The Colorado Plateau is the high land on both sides of the Colorado River (up to 200 mi. away) in Utah, Colorado, Arizona, and New Mexico. Up to 1947, almost all the plateau uranium came from a small area known as the "mineral belt" in southeastern Utah and southwestern Colorado (map). The ore here is mostly carnotite, a vanadium-uranium-radium mineral.

These deposits were first developed starting in 1910—for their radium content. From 1910-1913, half the world's supply of radium came from this area. But in 1923, discovery of rich pitchblende deposits in the Belgian Congo pushed the price of radium down to a point where the Colorado deposits couldn't compete. The carnotite mines closed down.

They reopened in 1935, this time as a source of vanadium, which was just then becoming important commercially. It wasn't until the start of the World War II A-bomb project that the uranium content of the carnotite became valuable.

• **Boundaries Are Expanding**—Last year's four discoveries extend the uranium country of the plateau far be-



TEST PITS like these dot the entire plateau region.

Uranium Ore Belt

beyond the narrow limits of the "mineral belt." They are:

In White Canyon, the canyon of White Creek, which runs into the Colorado River in southeastern Utah. Uranium is found here in an extremely complex ore, dominated by copper. An AEC pilot plant at Hite, Utah, has been set up to work with these ores.

At Marysvale, in central Utah. A good bit of relatively rich ore (1% or more uranium oxide) has been definitely proven here. AEC is financing an exploration and drilling program.

In the Lukachukai Mountains, on the Navajo reservation in northeastern Arizona. AEC authorized 50,000 ft. of diamond drilling here. Although it hasn't made any official announcement, results are said to be encouraging.

Between Grants and Gallup, N. M., on land owned by the Santa Fe Ry. Limestone ledges in this area have been found to be potential uranium sources, with some already proven.

• Easier Refining Methods—Until recently, the refining of uranium-limestone mixtures has been such a headache that AEC rejected ores with high lime content. But new processes have been developed that make beneficiation of such ores much easier.

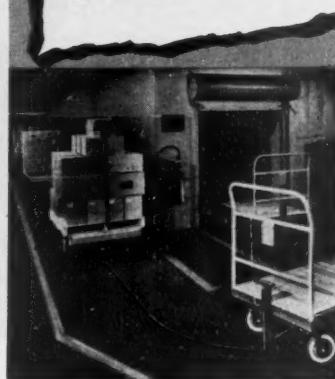
Some of these have been developed by Climax Uranium Co., a subsidiary of Climax Molybdenum. Climax is just completing a \$1-million uranium-vanadium mill at Grand Junction, Colo. This mill will process mostly carnotite from the "mineral belt." As plans stand now, the limestone ores probably won't go there. Instead, they'll be refined at an AEC mill, still in the talk stage.

The other new mill now being readied is at Salt Lake City. It will be run by Vitro Chemical Co., which has been formed by Vitro Mfg. Co., of Pittsburgh, and J. R. Simplot, Idaho financier. Simplot acquired the mill, which the government built during the war to experiment with making alumina from alunite; Vitro is remodeling it to process uranium ores.

• But It's Low Grade—Each time a new uranium deposit is discovered, it's loudly touted as "fabulous" or "enough to free us from dependence on foreign sources." It isn't true—and it won't ever be, unless sizable quantities of pitch-blende are discovered.

All the 1950 discoveries, and just about all previous uranium finds in the U.S., are hardly more than enriched rock or dirt. It's classed as rich ore if it

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contains as much as 1% uranium oxide (20 lb. to the ton). In contrast, pure pitchblende from Canada or Belgian Congo contains up to 60% uranium, and, since the ore is rich in pitchblende, uranium content of a ton of raw ore may run to 20% or more.

• **And There's Not Enough**—So domestic discoveries can never free us completely from dependence on foreign ore. By intensive exploration and major expansion of high-cost milling facilities, we could, if we had to, support a bare-minimum war program on our own ores. If the Russians should ever overrun the Belgian Congo mines—where we get about 70% of our pitchblende—there would be feverish development of the plateau resources. But we'd still lean strongly on Canadian pitchblende.

• **Exploration Program**—AEC will continue to concentrate most of its exploration activity in the "mineral belt." But it will spread some of its activities over the whole plateau.

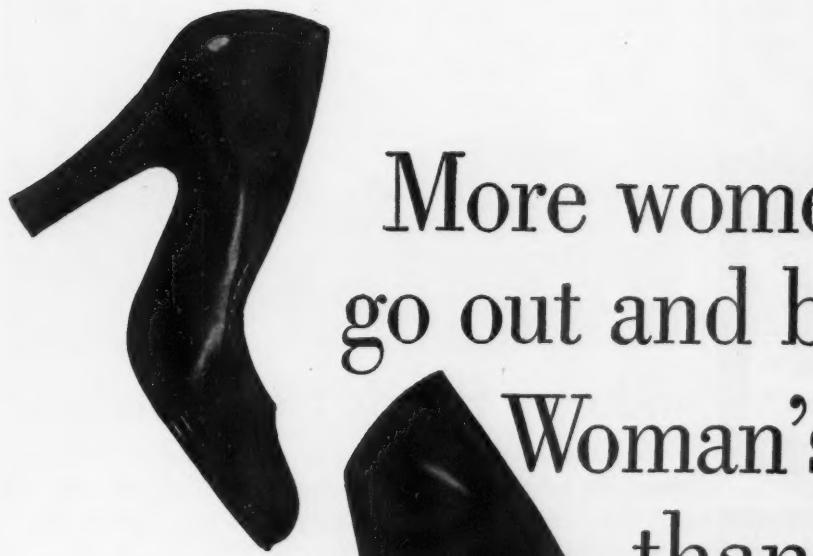
AEC's explorations are done both on the ground and from the air. On the ground, Geiger counters have proved somewhat disappointing. They are both too sensitive and not sensitive enough—they sound off at the slightest trace of radioactivity and just a few feet of rock or soil overburden will mask radioactivity from them.

• **Ground Drilling**—So AEC's ground program is based largely on drilling. Holes are drilled 1,000 ft. apart, from 100 to 140 ft. deep (because the ore bodies are always shallow). Cores from the drilling are analyzed for radioactivity. In ground that proves favorable, new holes are drilled at 200-ft. intervals, and finally, to outline actual ore deposits, at 50-ft. intervals.

• **Geigers for Air**—Airborne surveying, from a DC-3 that covers about 30 sq. mi. an hour, is done by two methods. The first uses 19 Geiger counters in a hexagonal bundle; they are connected to a specially developed counter that largely eliminates the normal fluctuation in the background count that is due to cosmic radiation. This permits detection of a much smaller variation in radiation from the ground.

The second technique is still in the experimental stage; it measures the ionization of the atmosphere caused by gamma rays and cosmic radiation. This method is complicated by varying quantities of ionization always in the air normally (caused by radon, a gaseous element that's a natural decay product of radium).

• **It's a Prospectors' Picnic**—A hazard of the air prospecting is that the planes are watched closely from the ground. If a plane is seen to criss-cross an area, there's a rush of ground prospectors. In one such area, which a plane was apparently studying, more than 100 claims were staked out.



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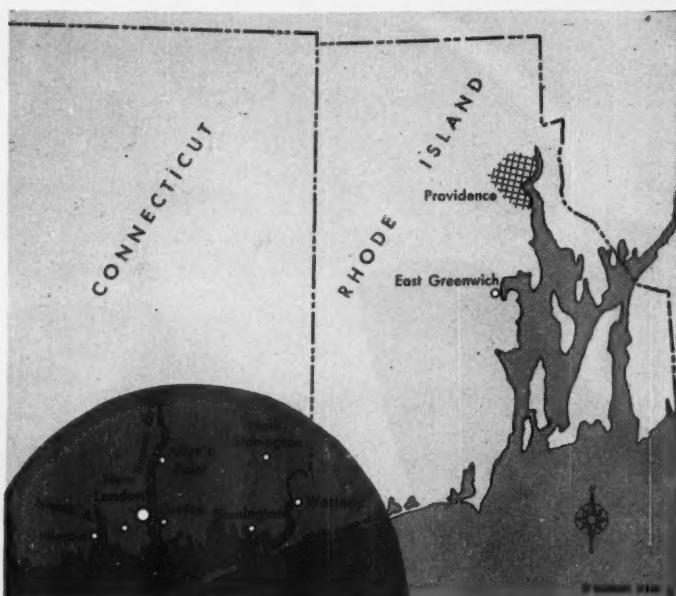
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Industry Floods New London

Stretch of Connecticut coast is getting big plants. And many more will follow when New England's own steel mill goes into production. Big attraction is proximity to the New York market.

The New England coast around New London—long an industrial vacuum—today is beginning to burst at the seams with new industry. But it's not a native New England boom, like the textile buildup of the last century. This time the upper Connecticut coast is cuddling up to New York's huge marketing area.

Three years ago, if you tried to hire a man in New London, 100 showed up. Today, you'd have a hard time finding a good skilled hand. And this is only the beginning.

• **Steel Mill**—There will be 10,000 new jobs when New England's own steel mill is built, somewhere near New London. The mill already has government blessing; and negotiations are on with three steel corporations to build and operate it. If that falls through, New England will form its own steel-operating firm.

Dow Chemical is building a \$5-million plant upriver from New London. Dow Chemical will be calling for workers in 1952.

Once the steel mill gets going, New London is certain that the whole area covering a 50-mile radius is going to be dotted gradually with satellite steel-using plants.

New Londoners have a rather neg-

ative explanation of their bustling new prosperity. They say that for years industry just wasn't bright enough to spot the manifold advantages of their area. Finally, Waldo E. Clarke, an engineer, and a few others gave a good substantial push. And industry caught on.

• **Advantages**—There's no doubt about the advantages being there. The average industry seeks some combination of these factors: acreage, good transportation, skilled, plentiful, and peaceable labor, plenty of fresh water, ample power.

Whatever combination you want, the area can offer it. There's lots of land. Transportation is splendid. By rail, there's the New Haven, plus the Central of Vermont link to the north and Canada. Roads are fine. And there are harbors for deep-water ships. The labor situation is fair, though it's bound to get tight as the big plants go up. About the only catch is power; there's enough of it, but power rates are quite high now.

• **New York Lure**—You'll find a lot of scoffers at the notion that industry wasn't smart enough to spot these advantages. The time, the scoffers say, wasn't ripe till now. Industry for a long time has been nestling as close as it



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Two great new American ships, the *Independence* and the *Constitution* of the American Export Lines, are being completed early this year by Bethlehem. Following the *Independence's* maiden voyage, an extended Mediterranean cruise, both vessels are scheduled to enter regular service between New York and France and Italy.

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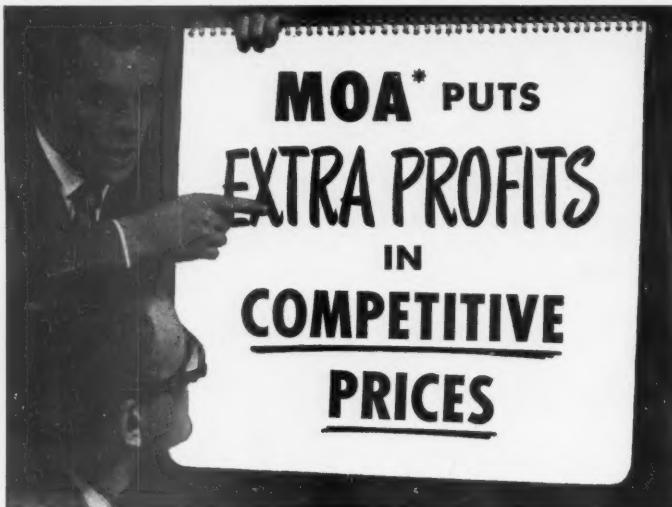
an hour. And they are designed so that if the need arises they can rapidly be converted to carry 5,000 troops each.

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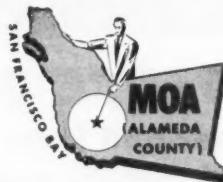
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could get to the enormous market of the New York area. In the past few years, all the desirable, close-in sites became filled. New London, now, is just the farthest ripple of the industrial stone tossed into the New York pond.

New Londoners don't like being called New York's remotest industrial suburb. But they do like the plants they are getting. In fact, they have a hard time remembering how hopeless things looked for them a few years ago.

- **Bad Times**—Up to the early 1920's, New London was a textile town. It went bust, like a lot of others, when the cotton mills heard the siren song of cheap labor in the South. It had a few woolen mills left, plus Electric Boat Co. But Electric was strictly a wartime deal. Its 17,000 peak employment was down to 1,700 by Korea. That, plus a flock of tiny machine shops and dress factories, had to keep the town going. As a result, skilled labor drifted away from New London into the hinterland.

Just when things looked worst, the New York magnet began to draw factories to the northern territories. Firestone came to Fall River; U.S. Rubber dotted some plants around; Owens-Corning Fiberglas came to Providence.

At the same time, Waldo Clarke began to go into action. The lanky, grizzled engineer was secretary-treasurer of the Connecticut Commissioners of Steamship Terminals. He was also a salesman. His first coup was back in 1946 when he helped persuade Charles Pfizer & Co., pharmaceutical manufacturers, to take over 18 buildings of the old Victory Shipyard.

Pfizer officials liked to shop for space with Clarke "because he could be trusted to keep his mouth shut." Four years later, Dow Chemical felt the same way; after looking around with Clarke, it bought land at Allyn's Point and started its big polystyrene plant. Dow's primary concern was nearness to markets; Pfizer wanted lots of fresh water. Clarke showed them both where to find what they wanted.

The area thinks it's going to get another plant. In 1950 Brown & Sharpe, a big tool manufacturer, bought an 80-acre strip in the area farther east. Brown & Sharpe isn't saying what it plans to do. But its Providence plant has no room to expand.

- **Steel Boom**—Of course, the projected steel mill is the biggest deal of all. No matter which of the six suitable sites is finally selected, it's going to be the key to the area. Local people say Clarke had the biggest hand in getting it into this area, with assists from mining engineer John Kelly and Boston economist Alfred C. Neal.

In the last month, more than 50 steel-consuming mills have written to the New London Chamber of Commerce,

asking about moving in. Water is their big consideration. Half a dozen chemical firms that consume slag and sludge have inquired about getting near the expected supply.

So far, the housing situation in the area has remained fairly flexible, although no less than 53 new concerns—some of them solid and healthy—have sprung up. Later on, it's bound to get tight, and New York and Chicago real estate men are already scouting for Eastern Connecticut land suitable for home development.

• **Chock Full**—An irony of the situation is that New London itself isn't going to get much of the future expansion. The town includes only 5.4 sq. mi., and most of that is already full of business district. But local business is counting on a bonanza from the growth of the surrounding areas. New London is already the trade center for an area holding 1,250,000 people.

Back in the doldrum days, New London tried to lure in industry with a package deal, including land, construction of a factory, and equity financing. Then the town found it didn't have any land to offer. Nothing daunted, the citizens teamed up with adjacent Waterford in a development commission. It hopes to ring in Groton soon.

Some signs of the town's consciousness of growth: The school system has been reorganized, absorbing two privately endowed high schools. An off-street parking system was whipped up in a hurry. And retailers are hunting around for store space.

The stirring of growth isn't limited to New London; towns up the Thames through North Stonington as far north as Norwich are looking for industry. So are Groton and Stonington, and on up through rural western Rhode Island. There's open country for 20 miles north of Westerly, right on the New Haven's main line. Pratt & Whitney has just bought the modern Verney Mill at East Greenwich, R. I.

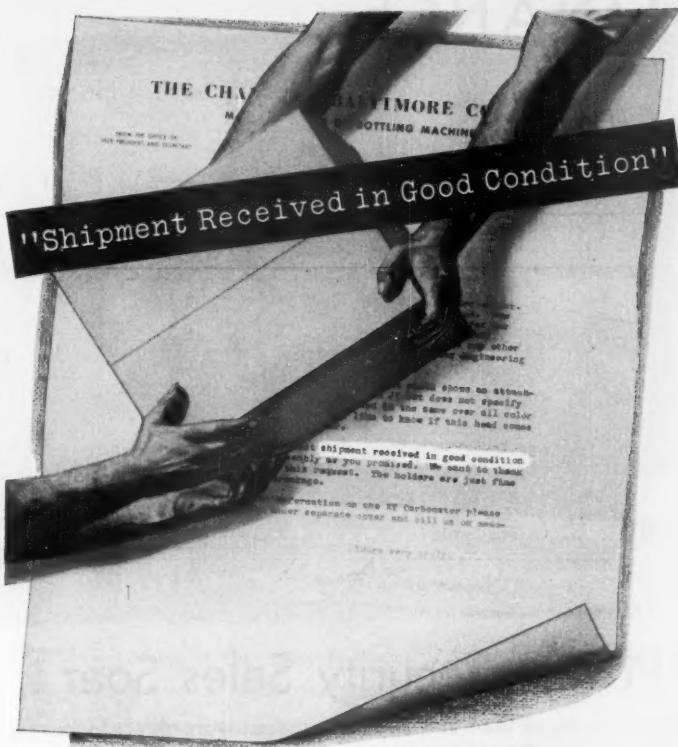
Packers Ask for Tax

The newest Maine industry to tax itself for its own good is the sardine-packing business.

At the packers' request, the state has placed a levy of 25¢ on every case of sardines. If, on Apr. 1—when the season opens—the yield has reached \$500,000, the tax will be suspended for a year.

Money collected from the levy will go to promote sardine sales; state and industry committees will disburse the funds.

Potato growers started this self-taxation trend in Maine in 1937. Since then the milk industry and the blueberry and corn growers have followed.



That's the pay-off line in this letter—the good relations builder! "Shipment received in good condition." When your product is packed in Gaylord boxes—you know your product is better protected—All the Way!

For years Gaylord boxes have been protecting the products of many of the country's leading manufacturers.

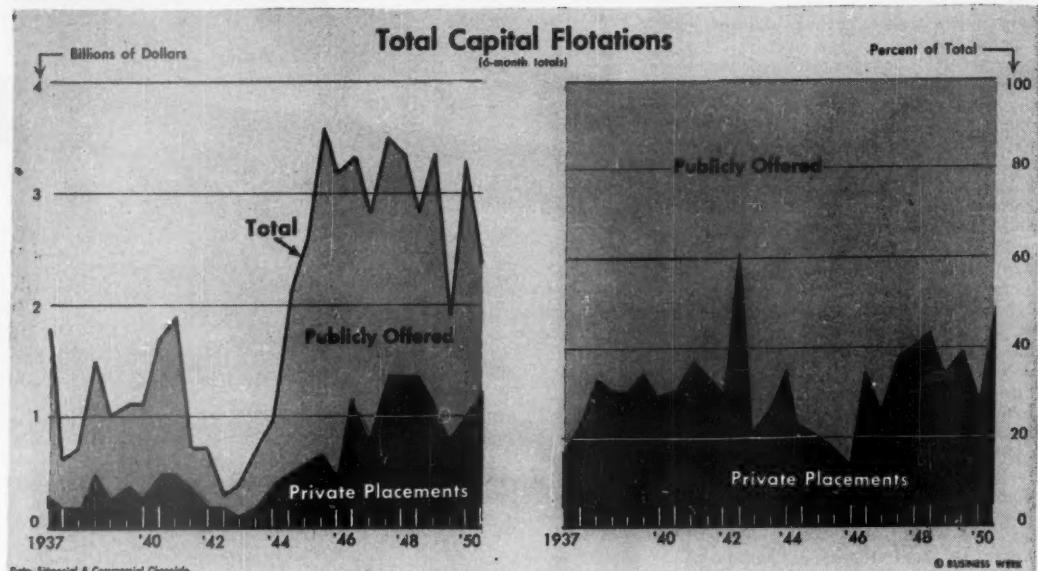


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FINANCE



Private Security Sales Soar

More than half of all new issues went direct to buyers in last six months of 1950. Wall Street mourns loss of underwriting commissions, increased risks, threat to nationwide distribution.

Wall Street has given up trying to laugh off the trend toward private security placements. Its jeers have turned to squalls of anguish. For in the second half of 1950, more corporate issues were placed privately than passed through the open market.

Ever since the end of the war, private sales have been flourishing like the green bay tree. The once unorthodox method has definitely come to stay in the nation's corporate financing.

• **Small Beginning**—The charts above show the growth of the policy of selling entire issues direct to a single investor, or to a small group. Once it was limited to deals adding up to only a few hundred millions annually. Now, it's commonplace to see \$2-billion or more bypass the Wall Street new issues market each year. On the basis of still incomplete figures for 1950, it looks as though \$2.2-billion in new securities were sold directly to investors. That's well over 41% of the year's domestic flotations.

The even more spectacular rise in the second half of the year carried over into 1951. Private sales have zoomed, though the first few weeks of the year generally bring a lull in financing. Announced sales (and many are not im-

mediately publicized) have already passed \$175-million. Some authorities figure that in the first six weeks of the year direct sales made up as much as 60% of all new issues sold.

• **Pre-New Deal**—The belief that private sales are a New Deal phenomenon is mistaken. Between 1900 and 1933 an estimated \$1-billion in new bonds were sold privately out of an overall total of \$37-billion. However, private placements didn't begin to crop up in the news until the early 1930's. Then, in 1935, passage of the Securities & Exchange Act really got the ball rolling.

The law set many restrictions on public offerings. A new issue had to be registered, and the seller was required to furnish complete audited figures and to reveal any operational data that the SEC might demand.

The requirements sat ill with many corporation officials. Gathering financial details takes time and is costly. The "full disclosure" provision was a bitter pill. Further annoyance came from the fact that securities could not be sold immediately after registration; the law required a lag of some days to permit the commission to check up on the data. It was felt that this left the issuer

of the securities too much at the mercy of stock market changes during the interim.

• **Loophole**—It was soon discovered that, under the law, you could avoid these difficulties by steering clear of a public offering. New issues did not have to be registered if they were "transactions . . . not involving any public offering." By the end of 1938, the amount of privately sold and unregistered securities outstanding was pushing \$2-billion. And they have been skyrocketing ever since.

Simplicity, speed, and the saving in underwriting commissions and other costs have all helped to establish the private sale. Even more important, probably, is the current status of the life insurance companies—always the biggest buyers in direct deals. The group has grown sensational in the last decade; at the same time, the supply of suitable investments has fallen sharply in relation to company assets. Easy money conditions have likewise cut the potential yield of investments.

All this has forced the life companies—now forced to invest close to \$1-billion monthly—to dig up new investments and to try to hold down the costs of their investments to a minimum. To meet the problem, the companies have nursed along the private placement trend.

• **Riding the Tide**—Smart Wall Streeters became convinced some time ago that direct sales were no passing fancy. They decided to make money on the trend, rather than to buck it. They've

been successful, too; about half the private sales today are midwifed by underwriting houses on a fee basis.

The fees, however, are not large, since there is no underwriting risk and no need to pay out commissions to salesmen. Hence, the fees have come nowhere near replacing the loss of underwriting income.

In one sense, private placement has added to the risks of the regular underwriting business. Most direct sales involve issues that are considered prime credit risks. That doesn't leave Wall Street's new issues market much of a chance to fatten up on quick sellers involving minor underwriting risks. It has been having to depend for its living, as never before, on the much riskier type of offerings.

• **Distribution**—There has been another repercussion. Wall Street itself has never handled the entire distribution of new issues. To do the job right, it has depended on a raft of large and small securities dealers throughout the nation.

At one time, the members of its nationwide selling group didn't do at all badly. The volume of new offerings was satisfactory, and so were the commissions. That's all over now. Volume and commissions alike have dwindled to a fraction of their former size.

Today's easy money conditions account for some of the shrinkage. Equally important is the bitter competition among investment bankers for the privilege of handling the smaller amount of business now reaching the public market. That makes for high bids; and so the successful bidders have been forced to slash dealer commissions in order to stay in the black.

Obviously, no one is going to stick at a job that doesn't pay a living wage. Wall Street has been wondering how long it will be before its elaborately built-up coast-to-coast distribution organization starts to disintegrate.

These fears, of course, may be exaggerated. But they'll be tested soon. For all signs point to a further increase in direct placements.

• **Growth Industries**—At some time or another, virtually all industries have used the direct sale method. But the biggest users have been growth groups engaged in the chemical and allied lines, production, transportation, and refining of oil, and natural gas production and piping. Electric utilities have also been active. And all these industries are expected to continue using the direct sale method, since they need fresh money for huge expansion plans.

The life companies are expected to remain the biggest direct buyers. But other big investors have shown a perking up of interest lately: pension and college endowment funds, for example, and to a smaller degree, the investment trusts.



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THE success of your pension plan will depend upon a streamlining job which gears your pension system with *your* particular financial, personnel and industrial problems. And, if your pension plan is not streamlined to fit your company's circumstances, you may suffer serious loss in dollars and greatly reduce the effectiveness of your plan.

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Denver Cuts Taxes

Survey results in a 7% cut on property assessment. Even so, new revaluations will add \$60-million to the tax base.

Denver is one city in a million-taxwise.

While other localities are announcing that they need more money to keep operating (BW-Feb. 3'51,p78), Denver is cussing its property tax. It's all because of a promise Denver's boy-wonder mayor, Quigg Newton, made when he ran for election back in 1947.

• **He Wasn't Just Campaigning**—Newton, now 39, had pledged a thorough-going tax survey to see if everyone in Denver was paying fair shares and no more. The survey has gone quietly along under Harvey Willson, ex-director of the Dept. of Government Management at the University of Denver.

Newton and Willson boasted last week that the survey has dredged up so much property either formerly missed entirely or grossly under-assessed that it has added \$60-million to the tax base since it was started. That's in addition to increases due to normal city growth. In 1947 Denver's total assessed valuation was \$473-million. In 1950 it was \$599-million.

• **Fair Deal**—Newton had also promised that the survey wouldn't be used to increase taxes, but just to see that each property-owner got a fair deal. So the city is going to reduce assessments on real property 7% across the board in 1951. That will cut tax revenue by about \$1.4-million.

The city government itself will lose only about 40% of this revenue. The rest would have gone to the state school and local districts for which Denver collects taxes.

The city has also cut its own real property tax rates enough to reduce taxes another \$600,000. All in all, Denver taxpayers will pay nearly \$2-million less than they would if the city had not cut assessments and rates.

• **Pay-As-You-Go Plan**—Denver can afford this, according to Newton, because he has put the city government on a business basis. The city has increased mechanization of office and outside work, put special services on a pay-as-they-go basis, and has upped its income from concessions. At the same time it has been able to take on more people, and raise salary levels.

The reassessment program has been under the eye of a citizens' committee of 21, representing civic, business, and labor organizations. Each group picked its own representative. The committee has no legal standing, but has approved



The Man of Decisions *...the Customer Relations Manager*

If there is a diplomatic post in industry, it should be appropriately assigned to the Customer Relations Manager. You might recognize the post carrying the title Customer Service Manager, or the more understandable title, Complaint Manager.

Whatever you call him, he serves as the liaison between the sales and production departments. He appreciates the problems of both the manufacturer and the customer. Since every complaint of a customer provides the opportunity to establish a direct contact with the manufacturer, it usually leads to better customer relations. This reacts to the advantage of not only the customer but the manufacturer as well, for the latter has learned what *not* to do. The fault to which his attention has been called redounds to a gain. Correcting mistakes and overcoming difficulties are but steps forward in the world of progress.

If you have ever had disappointments through the use of poor tubing, you have certainly profited from the experience. Let us remind you that Wolverine tubing is dependable. It is made to the most exacting specifications for the purpose intended. Our more than 30 years' experience has shown us how NOT to produce it as well as HOW to build it with DISTINGUISHING QUALITY.

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The Policy of Friendship



Balance Sheet

ADMITTED ASSETS

	*December 31, 1950
Cash in Office, Banks and Trust Companies	\$ 38,777,419.93
United States Government Bonds	108,301,862.62
Other Bonds and Stocks	175,820,027.95
Investment in The Home Indemnity Company	6,878,161.00
Real Estate	5,293,635.24
Agents' Balances or Uncollected Premiums, Less Than 90 Days Due	19,766,198.65
Other Admitted Assets	3,320,264.23
Total Admitted Assets	\$358,157,569.62

LIABILITIES

Reserve for Unearned Premiums	\$153,821,312.00
Reserve for Losses and Loss Expenses	40,775,253.00
Reserve for Taxes	8,750,000.00
Liabilities under Contracts with War Shipping Administration	1,218,246.31
Reinsurance Reserves	1,334,793.53
Dividends Declared	3,598,708.50
Other Liabilities	5,417,599.74
Total Liabilities Except Capital	\$214,916,413.08
Capital	\$ 20,000,000.00
Surplus	123,241,156.54
Surplus as Regards Policyholders	\$143,241,156.54
Total	\$358,157,569.62

*NOTES: Bonds carried at \$5,799,756.96 Amortized Value and Cash \$80,000.00 in the above balance sheet are deposited as required by law. All securities have been valued in accordance with the requirements of the National Association of Insurance Commissioners. Assets and Liabilities in Canada have been adjusted to the basis of the free rate of exchange. Based on December 31, 1950 market quotations for all bonds and stocks owned, the Total Admitted Assets would be \$357,620,695.62 and the Surplus as Regards Policyholders would be \$142,704,282.54.

Every policy of The Home Insurance Company is a deeply personal document.

Each provides a shield of protection for some person's cherished possessions—perhaps your home, or car, or business. And each bears the mark of some Home Insurance representative's interest and efforts in behalf of the policyholder. In nearly every community from coast to coast, these members of the Home "family" are bringing protection to their clients and neighbors in an efficient, friendly way. And when and if fire or other adversity occurs, you'll find that this is a friendship of deeds—not words. Then your Home man carries out the promise of your policy—sees to it that you get fast and effective help.

This sincere, human approach to your insurance needs has given The Home the neighborly characteristics for which it is known. It has made of it a company which not only serves your community but is a part of it—a company of people rather than statistics.

The Home, in its truest sense, is the man who lives in your town and serves you—your Home representative and his companions in communities throughout the country. The accompanying figures are a report of their work for you and your neighbors in the year 1950.

Sincerely,

PRESIDENT

DIRECTORS

Lewis L. CLARKS <i>Banker</i>	CHARLES A. LOUGHIN <i>Vice President & General Counsel</i>	HENRY C. BRUNIE <i>President, Empire Trust Company</i>
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GEORGE GUND <i>President, Cleveland Trust Co.</i>	ROGER W. BARSON <i>Chairman of Board, Barson's Reports, Inc.</i>	JOHN M. FRANKLIN <i>President, United States Lines Co.</i>
HAROLD H. HELM <i>President, Chemical Bank & Trust Co.</i>	ROBERT B. MEYER <i>President, The Cord Meyer Company</i>	LOU R. CHATFIELD <i>President, George A. Fuller Co.</i>

*Deceased January 18, 1951

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each successive step in the reassessment plan.

- **Assessments**—The assessors have almost finished revaluing Denver residences and business properties. As the program has developed since 1947, about 60% of the houses were valued the same. Valuations on about 20% were lowered; 20% were raised.

About 90% of the business properties are being valued slightly higher for tax purposes. But at the same time, the assessed value of business inventories is being lowered about one-third. Tax values on such inventories had been a lot higher in Denver than in other cities. That had always been a sore point with local businessmen.

Willson says the survey cost \$389,000, about \$3.69 apiece for each of 105,742 parcels covered, and less than a third of the additional yearly potential rev-

enue that was uncovered. This was a complete reassessment, not just a readjustment. Appraisers visited each property, took detailed descriptions. The standard formula for cost of construction was the cost level of 1941. Appraisers then applied a standard depreciation factor to this original value.

- **Pitfalls**—Here are some things to look out for in making such a survey, according to Willson:

- You probably won't find any large properties, but the total valuation of hundreds of little parcels mounts up to a big total.

- Look for additions to existing buildings or buildings going up on the same lot with older ones.

- Denver had a quaint local custom that may have its counterpart in your city. If a plant were begun in 1899, and buildings or additions dated

THE FINANCIAL ANGLE

CAN your company borrow at a profit? Chances are it can if it's subject to excess profits tax. Suppose you borrow \$500,000 at 3%. You may save more in taxes than the \$15,000 a year you pay out in interest on the loan. Sounds crazy, but this is the way it could work out:

The corporate income tax rate for 1951 is 47%. Since you can deduct the \$15,000 as an operating expense, that reduces the amount of income you would otherwise have had to pay taxes on by \$15,000. So your tax is reduced by 47% of \$15,000, an offset of \$7,050 against the interest on that half-million dollars.

In figuring the "excess" profit on which you pay excess profits tax, you are allowed to deduct one-fourth of your interest charges, or \$3,750. The EPT rate is 30%. So you have another tax offset of 30% of \$3,750, or \$1,125.

If you use the invested capital method of figuring the "normal profits" that are allowable before EPT applies, you can figure 75% of your loan as invested capital. The law allows a "normal profit" of 12% on the first \$5-million of capital, 10% on the next \$5-million, and 8% on any capital over \$10-million. In other words, you might say that income equal to 9% (75% of 12%) of anything you borrow is exempt from EPT — provided that your total invested capital isn't over \$5-million; 7½%

would be exempt if you are in the bracket between \$5-million and \$10-million; 6% if your invested capital is over \$10-million.

Suppose your company has less than \$5-million of invested capital. Your "normal profit" base then increases by \$45,000 (9% of \$500,000) on account of this loan. If you hadn't borrowed the money, that \$45,000 would have been excess profit, and 30% of it would have been taxed away. That's a tax offset of \$13,500.

If you'll look at the law, you will find that the same exemptions apply if you use the average earnings alternative in figuring EPT. This method provides the same allowances on new money borrowed now.

SUMMING up, here's what you save in taxes by borrowing \$500,000:

Offset against income tax.....	\$7,050
First offset against EPT.....	1,125
Second offset against EPT.....	13,500

Total tax offsets.....	21,675
Less interest	15,000

Actual tax saving.....	\$6,675
------------------------	---------

You would actually make a profit of \$6,675, or 1.33%, on this particular loan just by borrowing the money.

Naturally, there's a catch: You will have to have a legitimate business need for a loan in order to make tax deductions on it. The Treasury won't let you borrow money just for tax reasons.

from 1910, 1923, 1939, and 1946, assessors were likely to find the whole group taxed as if built in 1899.

• Look particularly hard at assessments on inventories. In Denver, they were apt to be undervalued. In one case, an assessment was boosted from \$35,000 to \$350,000. The huge amounts of inventory added to tax rolls allowed the city to cut its over-all assessments on inventories.

• Keep assessments up to date by hiring permanent appraisers. Denver has been divided into five districts. Each will get a thorough going-over every five years in rotation.

FINANCE BRIEFS

Assets of Metropolitan Life, the nation's largest nongovernmental enterprise, rose \$680-million in 1950 to a record high of \$10.3-billion. Insurance in force zoomed \$3.7-billion to a \$45.4-billion peak.

AT&T profits hit an all-time high of \$359-million in 1950. That's equivalent to \$12.58 a share, a 6.1% yield. In 1949 earnings were only \$9.70 a share, a 4.9% return.

Distributed earnings of federal savings and loan groups constitute dividend income to members, the Treasury has just ruled. Information returns on such payments must be filed by the loan associations.

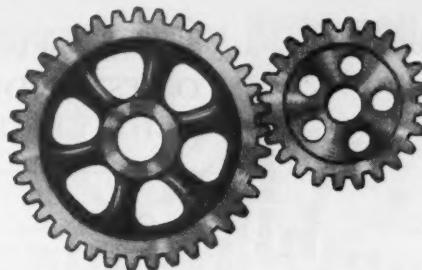
N. J. Turnpike Authority must raise \$25-million to \$30-million more to meet revised construction costs of new 118-mile superhighway. Last year's \$220-million private bond sale had been expected to cover all costs.

N. Y. savings banks would be allowed to invest in equities under the terms of a bill introduced in the state legislature with bank support. The bill adds preferred and common stocks to the "nonlegal" securities in which savings banks are now allowed to invest up to 2% of their assets.

Air Reduction Co. has disposed of its long-held 7% stock interest in the Vanadium Corp. of America.

Ohio Edison wants to raise \$27-million of additional capital in 1951 via sales of preferred and common shares. Plans call for the public offering of \$15-million of preferred, the sale of \$12-million of new common to stockholders.

More diesels will soon be bought by Louisville & Nashville R.R., soft coal carrier. The 67 engines will cost \$10-million.



Is your machinery insurance geared to present values?

Do you know what your machinery is *really* worth? You can't depend on "book" values. Charging off a fixed percentage to depreciation each year gives you only a theoretical figure which may be far below the actual value... *generally is!*

Yet it's important to estimate the actual value of your machinery, for two reasons:

(1) *To get adequate insurance protection for this big investment.*

(2) *To provide valid data for support of a possible claim, as required by insurance policies.*

To help you make an inventory reflecting real values, the Hartford Fire Insurance Company has prepared a booklet entitled, "*Your Machinery and its Actual Cash Value.*" It contains forms and examples which will help you to estimate the values needed for insurance policies and claims.

Send coupon for a free copy—it may save you a big loss!

Then see your Hartford agent or insurance broker about a sound program of insurance protection for your machinery. In more than 5000 communities you can find your Hartford agent by calling Western Union by number and asking for "Operator 25."

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HARTFORD LIVE STOCK INSURANCE COMPANY



HARTFORD FIRE INSURANCE COMPANY

Hartford 15, Connecticut

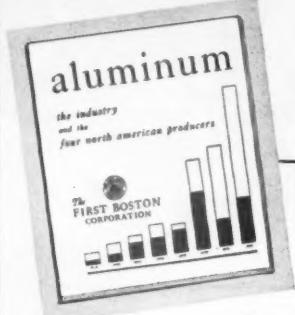
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Our research department has prepared this comprehensive study of an industry and a metal still in their infancy in terms of ultimate potentialities, together with highlights of the four primary producers—Aluminium Limited, Aluminum Company of America, Kaiser Aluminum & Chemical Corporation, and Reynolds Metals Company. We believe that this study, which is illustrated with maps, charts, and photographs, and supported by statistical data, will have general and continuing interest both to the investment world and the metal working industries.

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Determine in advance whether you are going to invest or speculate. If both, segregate your funds and steer a straight course. Early, unexpected success sometimes works like an investor toward speculation. On the



EVERYBODY MISSES OCCASIONALLY

The successful investor recognizes that he will be wrong a certain percentage of the time. And everybody makes mistakes. Don't let stubbornness or pride to keep you from admitting and correcting errors as quickly as possible. The times you are right will then work to your best advantage.

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It costs only a few cents per worker for this priceless protection. Don't delay...investigate and install HAWS Industrial Eye-Wash Fountains NOW!

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Agents and Sales Representatives in All Principal Cities

Wall Street Ads

Wall Street brokers, flush with commissions, are spending more money on advertising these days. One house whose newspaper ads have attracted a lot of attention during the past year is the New York firm of Dreyfus & Co., founded in 1945 by Jack J. Dreyfus, Jr., 37-year-old alumnus of E. A. Pierce & Co. and Merrill Lynch, Pierce, Fenner & Beane.

When he decided to start an advertising campaign, Dreyfus wanted to avoid enticing buyers with hopes of higher yields and quick profits. On the other hand, since his outfit is young, he couldn't advertise vast institutional services like Merrill Lynch. So, to get human interest into his ads, Dreyfus warned stock buyers about emotional traps that sometimes cost investors money.

Last week Dreyfus put out a booklet containing some of its unusual ads (pic-



"WISHING WELL" WON'T WORK

There is no room for wishful thinking in your investment program. Keep in



"PETS" CAN BE EXPENSIVE

Too often investors become sentimentally attached to stocks which have done well for them in the past. These "pets" can be expensive if they are allowed to prejudice one's judgment. Be sure to make a sound, unemotional, clear-headed analysis so that every stock in your portfolio today is there because of present merit.

Dreyfus & Co.

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Leading Commodity Exchanges
Corporate and Municipal Bonds
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Sing New Tune

tures, above). One of them—"Steer a Straight Course"—advises buyers to make up their minds whether they want to invest or speculate, and then stick to it. Another warns that once-profitable stocks are often outmoded by changing conditions. And one points out that it's expensive to be stubborn about admitting that you've made a mistake.

It's hard to tell exactly how much new business the ads have brought Dreyfus. All brokerage houses are doing better, now that the bull market in stocks and fears of inflation have been bringing the public into Wall Street.

But Dreyfus says that during 1950 its percentage share of total New York Stock Exchange volume was half again as large as it was in 1949. Jack Dreyfus thinks that most of this was due to his ads.

Most Convincing Adding Machine Offer Ever!

Clary GUARANTEES TO CUT YOUR ACCOUNTING COSTS!

WE ARE SO SURE the Clary can do your accounting work faster and at less cost than any other adding machine that we make this offer to users of 25 or more adding machines: If one of your operators can't do your work faster on a free-trial Clary than on her present adding machine, *we will pay her salary during the week's trial period.*

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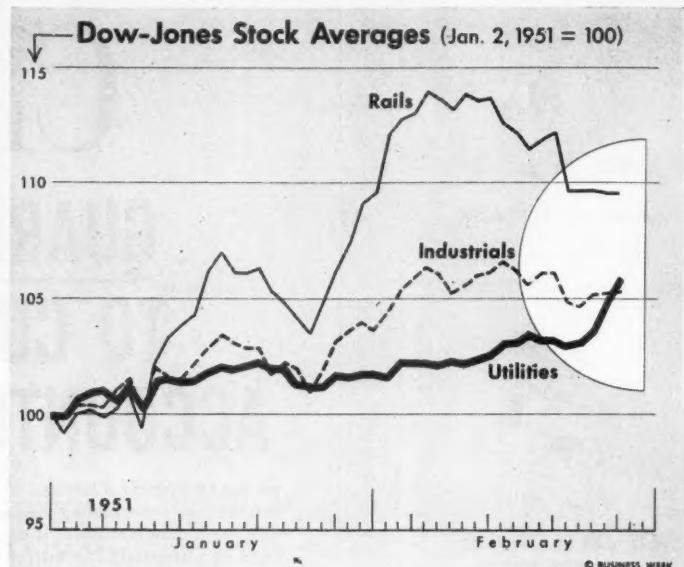
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THE MARKETS



Utilities Look Good Now

Traditional storm-cellular stocks get a play as market waits outcome of labor-in-mobilization row, tax debate, and Kremlin rumblings. Industrials and rails drift.

The stock market has decided to wait things out awhile. The outcome of the hassle in Washington over labor's mobilization role (BW-Feb. 24 '51, p19) could have a lot to do with whether or not we have serious inflation. Traders would like to know more about the 1951 tax bill and how price controls are going to affect 1951 earnings. Then, too, the Kremlin seems on the verge of a major move. If it turns out to be a "peace" offensive, that might put stock off a bit.

• **Rails Lower**—Those seem to be some of the main reasons why trading volume has dropped and stock prices have leveled off. But while the rail and industrial averages have been drifting lower, the utility average has been rising (chart). The gain has been particularly noticeable in the electric power stocks.

That's interesting, because utility shares are traditionally poor stocks to hold in an inflation. And fear of inflation is supposed to be one of the main reasons why so many people were buying stocks back in January and early February (BW-Feb. 10 '51, p22). Does the rise in utility stocks mean that

traders and investors are having a change of heart?

One explanation may be a bit subtler than that. It would make sense for traders who want to hedge against a short-term break in the market to cash in their post-Korea profits and put some of the proceeds into utility shares. They might well do that even if they expect inflation over the long term. For if the market is going to have a sharp correction, utility shares might well prove good stocks to own for awhile.

If you look all the way back to Korea, the utility average has lagged behind the other two Dow averages. Early this week, it still hadn't quite reached its pre-Korea level. That means utility shares should behave better than the others in a market break.

• **Investors, Too**—However, there are also good reasons why investors interested in steady yields rather than a long-term hedge against inflation should take the utilities seriously. Because the group is relatively depressed these days, you can get good yields—around 6%—on top-notch electric utility shares. Since many electric companies will be wanting to put out more stock to help finance

expansion programs, they will do their best to maintain present dividends, even if earnings fall off.

Furthermore, the utilities get special treatment under the excess profits tax (BW-Jan.6'51,p21). It looks as if very few utilities will pay any EPT at all. That isn't the way it was in World War II, when EPT hurt utilities.

Just the same, a lot of analysts are a bit cautious about utility shares. If the 55% corporate income tax rate proposed by the Treasury should replace the

present 47% rate, some companies might have trouble maintaining their dividends. And we may have the 55% rate before 1951 is over.

However, the electric utilities may earn more money in 1951 than can be foreseen now. In spite of higher taxes and higher costs, January earnings of representative utility companies were up anywhere from 8% to 31% over the same month a year ago. If price control is reasonably successful in future months, they may continue that record.

Inflation Fears Nibble at Bond Prices

Bonds generally have been acting none too well lately. Prices of most high-grade corporates have softened perceptibly. And about the only "profitable" actors have been various second-grade and convertible bonds—the type that moves with the stock market's prevailing trend.

New issues have fared no better than more seasoned bonds. Though the 1951 volume of public flotations hasn't been larger, quite a few offerings have already proved "sticky."

This is the state of affairs you can expect in a time of inflation fears. Most investors are aware that, historically, fixed-interest obligations have been a poor holding when

the dollar's purchasing power is skidding (BW-Feb.24'51,p114).

Not that trustees, institutions, and other big bond buyers have stopped entirely. But, temporarily at least, trustees are more interested in stocks (BW-Dec.16'50,p106). And the life companies are able to fill much of their needs by direct purchases.

The sampling below shows how sharply earlier 1949-51 bull market gains of many issues have been trimmed since the Korean war touched off virulent inflation fears. (All prices given are percent of par, all gains have been figured on June, 1949 prices.)

Moody Rating	Issue	Before Korea			Since Korea			% Change	
		Mid-June 24, 1949	June 24, 1950	% Change	June 24, 1950	Recent Price	% Change	1951 vs. 1949	
AA Amer. Tel. & Tel. 2½%, 1986	92.50	96.62	+ 4.5	96.62	95.37	- 1.4	+ 3.1		
AAA Atch., Top. & Santa Fe 4s, 1995	124.75	127.50	+ 2.2	127.50	128.00	+ 0.4	+ 2.6		
A Bethlehem Steel 3s, 1979	101.00	104.00	+ 3.0	104.00	103.50	- 0.5	+ 2.5		
AA Ches. & Ohio 3½%, 1996	99.87	101.50	+ 1.6	101.50	104.00	+ 2.5	+ 4.1		
AAA Commonwealth Edison 3s, 1977	104.50	107.00	+ 2.4	107.00	104.75	- 2.2	+ 0.2		
BAA Crucible Steel 3½%, 1966	94.00	96.00	+ 2.1	96.00	99.25	+ 3.5	+ 5.6		
AA Detroit Edison 3s, 1970	104.25	106.00	+ 1.7	106.00	103.50	- 2.4	- 0.7		
B Erie R.R. Income 4½%, 2015	57.75	65.50	+ 13.4	65.50	82.50	+ 29.5	+ 42.9		
A Great Northern 2½%, 1982	88.50	93.50	+ 5.6	93.50	94.00	+ 0.6	+ 6.2		
B Gulf, Mobile Income 5s, 2015	61.00	76.50	+ 23.4	76.50	87.50	+ 18.0	+ 43.4		
BAA Lehigh Coal & Nav. 3½%, 1970	92.50	96.50	+ 4.3	96.50	96.25	- 0.2	+ 4.1		
A Lorillard Co. 3s, 1963	103.50	103.00	- 0.5	103.00	102.75	- 0.2	- 0.7		
BAA Mead Corp. 3s, 1966	100.00	100.00		100.00	102.50	+ 2.5	+ 2.5		
B N. Y. Central 4½%, 2013	54.00	62.00	+ 14.8	62.00	74.25	+ 22.7	+ 37.5		
AAA Norfolk & Western 4s, 1996	128.50	126.12	- 1.9	126.12	131.00	+ 3.8	+ 1.9		
BA Northern Pacific 4½%, 2047	73.00	83.50	+ 14.4	83.50	96.75	+ 18.1	+ 32.5		
AA Pacific G&E 3s, 1971	103.50	105.00	+ 1.4	105.00	104.00	- 0.9	+ 0.5		
BAA Penna. R.R. 4½%, 1984	88.00	94.00	+ 6.8	94.00	106.00	+ 13.7	+ 20.5		
AA Shell Union Oil 2½%, 1971	96.75	98.50	+ 1.8	98.50	96.62	- 1.9	- 0.1		
BA Southern Pacific 4½%, 1981	77.00	91.25	+ 18.5	91.25	101.00	+ 12.7	+ 31.2		
AAA Standard Oil (N.J.) 2½%, 1971	95.00	97.75	+ 2.9	97.75	95.50	- 2.4	+ 0.5		
AAA Texas Corp. 3s, 1965	105.00	105.78	+ 0.8	105.78	103.75	- 2.0	- 1.2		
AAA Union Pacific 2½%, 1991	92.00	94.75	+ 3.0	94.75	94.25	- 0.6	+ 2.4		
BAA U. S. Rubber 2½%, 1976	96.00	98.50	+ 2.6	98.50	98.37	- 0.1	+ 2.5		
AA Va. Elec. & Pow. 2½%, 1975	100.00	101.37	+ 1.4	101.37	100.87	- 0.5	+ 0.9		
AA Virginian Ry. 3s, 1995	99.50	97.75	- 1.8	97.75	100.50	+ 2.8	+ 1.0		
BA Western Union 5s, 1960	72.00	93.75	+ 30.2	93.75	104.50	+ 14.9	+ 45.1		
AA Westinghouse Elec. 2½%, 1971	99.12	102.00	+ 2.9	102.00	104.87	+ 2.9	+ 5.8		
BAA Wheeling Steel 3½%, 1970	98.00	103.75	+ 5.9	103.75	104.00	+ 0.2	+ 6.1		
A Wisconsin Elec. Pow. 3½%, 1971	106.25	106.00	- 0.2	106.00	105.50	- 0.5	- 0.7		
Dow-Jones Bond Averages									
Higher-grade Rails	101.79	103.91	+ 2.1	103.91	108.15	+ 4.1	+ 6.2		
Second-grade Rails	82.86	91.14	+ 10.0	91.14	99.14	+ 9.6	+ 19.6		
Utilities	103.80	104.98	+ 1.1	104.98	103.22	- 1.7	- 0.6		
Industrials	101.79	102.38	+ 0.6	102.38	101.25	- 1.1	- 0.5		

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Blows Lid on Wages Way Up

Johnston allows 10% boosts plus fringe benefits. But unions still reject bid to rejoin stabilization board. Truman may have to step in, though mobilization boss Wilson still holds strong hand.

The government's wage freeze melted down to almost nothing this week. The thaw came in time to let higher wages flow to employees covered by the General Motors-type cost-of-living escalator clause. And it assured them still higher pay in June.

For all employers, Economic Stabilizer Eric Johnston's approval of Regulation 6 of the Wage Stabilization Board marks the first time in a month that they can raise wage levels.

• **Stabilization**—Johnston also let employers and unions get a look ahead, until June 30. He spelled out adjustments he thought should be allowed until midyear, when he hopes there will be "a definite stabilization policy."

The obvious implication is that wage controls can't be too rigid now because Congress hasn't buttoned up farm

prices, rents, and other important living cost factors. By July, the Defense Production Act will be extended or revised.

• **Labor Called In**—For 10 days Johnston conferred, off and on, with top union leaders. Regulation 6 had been recommended on Feb. 15 by a 6-3 majority of WSB made up of public industry members. Labor members had resigned in protest.

Johnston got advice from two chairmen of the World War II wage-control agency, William H. Davis and George W. Taylor. Taylor had been through this sort of thing before; he authored the Little Steel formula.

Johnston sounded out the public and industry members who had voted the regulation. He took the problem up with his boss, mobilizer Wilson. With

Wilson, he discussed it with President Truman.

When the decision came, Johnston took full responsibility. But it was obvious that it had at least the tacit approval of Truman and Wilson.

• **"Fair to All"**—The objective: to find a wage formula that would be fair to all sides, meet stabilization needs and, of immediate importance, win labor's acceptance. Part of the deal was to get the labor members back on the Wage Board.

Public and industry WSB members were no real problem. Public members Ching, Dunlop, and Kerr would go along, of course. Industry members Keener, Arthur, and Robertson would dissent, but would not walk out. The big question mark was labor.

Labor's answer came quick: no dice. The decision was made by the United Labor Policy Committee. It met on Wednesday morning before a "come back home" meeting of WSB set for 2 p.m. On it rocked the question of labor's participation in the whole mobilization program.

• **Alienated**—Labor's grievances against Wilson were far from patched. And now Johnston himself, considered friendly to labor, had alienated himself with labor. His own deputy from labor, George M. Harrison, "very vigorously" disapproved Johnston's proposal. This raised a question of how long Harrison would stay with Johnston. Or Johnston as head of ESA.

At midweek, it looked as though the situation was building up fast to a point where Truman was going to have to step in with some dramatic, if not drastic, action. Railroad trainmen already have started a "dump Truman" campaign. Any decision Truman makes will be weighed for political effects and future relations with organized labor.

• **Stronger Hand**—But closer analysis suggested that Wilson might hold the stronger hand in the long run. For the unions to get the lush concessions that Johnston recommended—above the 10% in Regulation 6—the WSB would have to vote them into effect. Labor will shortly bump against the 10% ceiling. Before it can be pierced, a functioning, tripartite WSB must act.

Thus as long as labor boycotts WSB, it can't reap the benefits of Johnston's concessions. If Wilson doesn't capitulate to the unions' demands, they persevere in their boycott at considerable cost to their members.

• **Patch Up**—In the light of this, Johnston's decision seems aptly tailored to patch up the break with labor and within WSB. What he did was this:

• First, Johnston approved Regulation 6. This permits general wage increases up to 10% above hourly earnings prevailing on Jan. 15, 1950. Pension and other fringe costs incurred



The sleeper that took the 12 noon plane

Would you have been caught napping in a situation like this?

Suppose you were in the fashion business. You have just created a line of women's nightgowns that are going to be given an unexpected publicity break in some top national magazines. This will mean more sales all over the country. But you must get more merchandise to the

stores in a hurry — or forever lose your golden chance to get sales.

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before the freeze date, Jan. 25, are not charged against the 10%, but future increase in these costs would be.

Labor's major objections to this are: (1) The regulation did not guarantee cost-of-living increases due many workers June 1 (though WSB promised to take a look at them in May), (2) it closed the door to the 4¢ annual productivity increase due in June under the General Motors and many other contracts.

• Second, Johnston "requested" WSB to prepare for his signature regulations that he thought met labor's objections. Johnston made seven suggestions:

Escalator clauses. Approve all cost-of-living clauses in existing contracts until June 30, thus removing the 10% ceiling. (About 2-million workers are covered by them.) At his press conference, Johnston said this would also apply to other types of deferred wage increases.

Productivity increases. Leave them uncontrolled until June 30 if in existing contracts. Because they assume increased productivity, however, they may not be used in a pricing formula.

Fringe benefits. Cost of health, welfare and pension plans, either past or future, would not be charged against the 10% ceiling. WSB should draft standards for approving these plans outside the 10% on other fringe benefits—vacations, paid holidays, severance pay, etc. WSB should recommend how they can best be dealt with, presumably outside the 10%, too.

Hardships and inequities. WSB should correct these on a case-by-case basis. Thus inequities could be the catch-all for approving wage adjustments above the 10% for employees not under cost-of-living contracts. Cases in point: Westinghouse employees, who do not have the escalator that General Electric employees have under a CIO contract; the 9¢ wage increase for meatpacking workers, who threaten to strike Mar. 25; an increase for textile workers who already are on strike yet have had the 10%; the railroad increase, when it comes. Left-wing unions are caught without escalator clauses.

New plants. WSB has been working on a formula for setting wages in new plants, which don't have a Jan. 15, 1950, base rate for computing the 10% increase.

Exempt industries. Johnston asked early consideration of wage procedures for utilities, newspapers, radio and TV stations, and others exempt from price control. Hearings are planned.

Tandem wage adjustments. This would simply take care of situations where the Jan. 25 freeze prevented the normal practice of followup wage increases to workers whose adjustments usually follow those of others.

CIO Store Union

R. J. Thomas heads drive to organize department store workers throughout U.S. Macy group provides the nucleus.

CIO's on-again, off-again organizing drive in department stores is on again. A new Department Store Workers Organizing Committee—nucleus of a national union in CIO—will take on the tough job of trying to unionize 1.5-million store workers throughout the country.

• **New York First**—As in other drives, first efforts will be in New York City. CIO's new committee is built around a now-independent union of 8,300 Macy store workers. Its initial goal is to sign up some 40,000 nonunion department store workers in New York City. Then it plans to move in on the left-wing Distributive, Processing & Office Workers Union, which has contracts with major New York stores.

After that, according to CIO's director of organization, Allan S. Haywood, the committee will go out to organize workers nationally.

R. J. Thomas, an aide to Haywood, and former president of the United Auto Workers, heads the drive. Samuel Kovenetsky, president of the Macy local, will be his top assistant. CIO is prepared to foot the bills, and liberally.

• **RWDSU Bypassed**—In turning over department store jurisdiction to the Thomas committee, CIO bypassed the logical claimant—the Retail, Wholesale & Department Store Union. It's not the first time. CIO handed the Amalgamated Clothing Workers of America jurisdiction over department stores in 1949; ACWA passed it back later, preferring to stick to its own field. After RWDSU got nowhere in another try at department store organizing, CIO sought another, stronger force.

• **It's Local 1-S**—Haywood chose the independent Local 1-S—until 1948, an active part of RWDSU—to spearhead a new attack. The local has been ready for months to return to CIO if given a free hand in New York.

Assured of a leading role in the new committee, the local's executive board voted 50 to 3 to return to CIO.

• **Blow at Unity?**—While CIO is aiming its drive only at nonunion workers and left-wing department store unions, its organizing efforts may not stay clear of the AFL. Three AFL unions (Retail Clerks, Teamsters, and Building Service Employees) are interested in department store workers. A serious clash with any—or all—of them might turn out to be a new obstacle to AFL-CIO unity moves.

It's time we got *working* mad!



As we listen to the latest insults from Moscow, we're likely to get fighting mad.

Instead, we'd better use our heads and get *working* mad.

It is clear by now that Stalin and his gang respect just one thing—strength. Behind the Iron Curtain they've been building a huge fighting machine while we were reducing ours. Now we must rebuild our defenses—*fast*.

As things stand today, there is just *one* way to prevent World War III. That is to re-arm—to become strong—and to stay that way!

This calls for better productivity all along the line. Not just in making guns, tanks and planes, but in turning out civilian goods, too.

Arms must come first. But we must produce arms *at the same time* we produce civilian goods.

We can do this double job if we all work together to turn out more for every hour we work—if we use our ingenuity to step up productivity.

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Unions Unite

Two rail maintenance unions will merge this spring in self-defense. Better equipment has cost them jobs and members.

Railroad engines can run five or six times longer now without stopping for repairs than they could 10 years ago. That fact of technology has seriously affected two venerable labor unions. They are AFL brotherhoods: the International Brotherhood of Boilermakers, Iron Ship Builders & Helpers (started in 1860), and the International Brotherhood of Blacksmiths, Drop Forgers & Helpers (started in 1889).

This spring the unions will drop their separate entities to merge into one. They are doing this "as a matter of protection for our craft jurisdictions." The consolidation will form a union with a claimed 165,000 members.

• **Heavy Losses**—Ten years ago, before widespread adoption of the diesel and before the day of the modernized steam locomotive, the Boilermakers alone had almost 200,000 members. The Blacksmiths claimed about 50,000.

At that time, the roads ran steam locomotives only about 125 miles before putting them into the shop for a boiler checkup. This usually meant a thorough cleaning and some repairs to corroded flues and staybolts.

Chemical treatment of water used in boilers and the switch to diesel engines ended the heyday of boilermaker and blacksmith jobs. Railroad locomotives now operate 600 to 700 miles without a checkup; even then, comparatively little maintenance work is needed. So railroads now employ up to 50,000 fewer boilermakers, 25,000 less blacksmiths.

Such a deep cut in jobs weakened both unions; it made them vulnerable to raids by other AFL and railroad unions and by the CIO's new United Railroad Workers of America. So committees from both groups met without fanfare earlier this year to consider the one possible solution: a merger.

• **Boilermakers on Top**—The plan they worked out leaves present Boilermakers' officers—led by veteran Charles J. MacGowan—in the top jobs. Until 1953, the consolidated union will operate under the Boilermakers' present name. Then the Blacksmiths' name will be worked in at a joint convention.

The Blacksmiths will split into two divisions in the consolidated union. There will be a division for blacksmiths, headed by John Pelkofer, president of the Blacksmiths; another division for drop forgers will be headed by the Blacksmiths' second top officer, A. J. Eberhardy, secretary-treasurer.

The merger committees agreed that nobody would lose jobs in the consolidation. All who want to work for the combined union will be given "responsible assignments," the committee agreed.



NEGOTIATOR MACGOWAN: All is "friendly," just not enough time.

Too Busy on Defense For AFL-CIO Merger

Chalk up AFL-CIO merger talks as a casualty of the mobilization program. Negotiations are off indefinitely "by mutual consent" because committees are too busy handling stabilization problems.

But Charles J. MacGowan, AFL merger committee chairman, believes the cause is far from lost. He thinks present AFL-CIO cooperation is bringing eventual organic unity a lot closer.

The last meeting of AFL and CIO merger committees was held July 25, 1950. At that time, the attitude was "friendly and cooperative" on both sides, MacGowan says.

• **New Backing**—Since July, both AFL and CIO conventions have voted new backing to efforts to unite the two federations. So, as soon as "national stabilization policies and regulations are finally and satisfactorily clarified," MacGowan says, new merger talks will get under way.

What results can be expected? Probably nothing concrete for some time. MacGowan points out that "around 200 to 300 problems connected with organic unity must still be squared away by the committees."

MacGowan's own union, AFL's Boilermakers, recently completed arrangements for a merger with AFL's smaller Blacksmiths.

Drop Elections?

Pressure to cut union-shop election requirement out of T-H growing; unions' lopsided victories behind it.

Union-shop elections are backfiring on Taft-Hartley's drafters. Mass-production workers are voting heavily in favor of union-shop bargaining. That's leading to more and more pressure on Capitol Hill to eliminate the T-H union-shop election requirement.

Back in 1948 and 1949, elections were held mostly in small, craft-union shops. The results were lopsidedly in favor of union-shop bargaining. T-H backers said it wasn't surprising; the shops had been organized for years, and many had had closed-shop contracts.

Just wait, they said, until elections come up in mass-production industries; workers there, more recently unionized and less union-minded, would vote against a contract clause that would make them stay in the union or forfeit their jobs.

They were mistaken.

• **They're Voting Yes**—That's pretty obvious in the results of union-shop polls now being held in steel, auto, and other huge industries.

True, the newly unionized groups aren't trooping to the polls as solidly as the others or casting as consistent "yes" votes. But there's not much difference in the final results of craft-shop and big-plant elections. Steel, auto, and other mass-production unions are winning union-shop polls right and left.

The percentage of large elections (in which more than 1,000 are eligible to vote) more than doubled in the last two years. At the same time, the percentage of eligible workers who cast ballots dropped—from 88% in 1948 to 81.4% last year.

The percentage of those voting to authorize their union to negotiate a union-shop contract also declined. In 1948, 94.2% of all votes cast favored a union shop; last year the percentage was only 85.1%.

The drop in "yes" votes did not have any substantial effect on the percentage of union-shop victories—since under T-H a union-shop authorization is legal if more than 50% of all eligible employees approve it. In 1948 workers approved union-shop bargaining in 98% of all elections held; in 1950 the approvals were 96%.

• **Steel Elections**—Elections now under way on a big scale in the steel industry point up this trend.

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held union-shop elections in 162 steel plants last November. It certified 306,000 workers as eligible to vote. Of these, 245,900 cast ballots—202,421 for a union shop, and 43,400 against one.

The percentage of eligible workers on record in favor of a union shop was 82.3%—a disappointingly low figure in the eyes of the United Steelworkers (CIO), although the union won 153 elections, lost only nine.

USW conducted intensive "get out the vote" campaigns in most all the mills. It called for an "overwhelming demonstration" that workers really want a union shop in steel mills. USW leaders blamed the low "yes" vote on a "let John do it" attitude on union affairs in some of the large mills.

New Seniority Plan Cuts Layoff Grievances

Ford Motor Co. and United Auto Workers (CIO) last week worked out a solution to one of conversion's nastier problems: How should the company—or union—handle grievances that come up when employees are laid off at one plant, while new workers are being hired at another?

At the start, Ford and UAW agreed to cut down on the number of grievances by a new seniority plan covering some 80,000 employees in five Ford plants in the Detroit area.

Under it, workers laid off in one plant due to curtailed production must be referred to other company plants that are hiring new workers. These men must be put on the payroll before any new outside workers can be hired.

Employees who shift from one plant to another during a layoff will retain their seniority in their original plant. Moreover, the time in the second plant will add to: (1) the worker's pre-layoff seniority in the old plant; (2) his pension credits; and (3) his vacation and other benefits, which may vary according to length of service under the Ford-UAW areawide contract.

The agreement also gives Rouge employees first claim on new jobs in other departments whenever they are laid off in a work curtailment in their own department.

The Pictures—Cover by Bob Iscar. Acme—136 (bot.); Lynn Crawford—62, 65; Denver Post—103; Int. News—34, 133; Bob Iscar—22, 23, 42, 43, 94, 95; Syd Karson—73, 74; George Miles Ryan—86; Washington Post—25 (bot.); Wide World—21, 26, 126; Dick Wolters—53, 55, 58, 60, 96 (top).



UE POLICYMAKER Julius Emspak refused to answer House committee questions on his . . .

Left-Wing Stand

Left-wing labor leaders on the carpet as U.S. convicts two for contempt; and former aide warns of Reds in ILWU.

Labor's left-wingers took it on the chin in two widely separated rings this week:

- In Washington, two leaders of the leftist United Electrical Workers were convicted on contempt-of-Congress charges—based on their refusal to tell a House investigating committee whether they are, or ever have been, Communists.

- In Hawaii, a one-time aide of Harry Bridges in the International Longshoremen's & Warehousemen's Union warned of pro-Communist influences in ILWU—and called on stevedores to reject left-wing leadership on Hawaiian docks.

One of the two UE leaders convicted on contempt charges is Julius Emspak, secretary-treasurer of the union, and one of three top policymakers. The second, Thomas Quinn, is a UE field organizer in Pittsburgh. Emspak and Quinn were convicted in U.S. District Court after pleading a constitutional right to refuse to answer self-incriminating questions.

Quinn was sentenced immediately to serve four months to a year and to pay a \$1,000 fine. The court delayed sentencing Emspak. Both defendants announced they will appeal.

- First Cases—Emspak and Quinn are the first of seven UE officers docketed for trial on contempt-of-Congress charges. Another top union policy-

maker, James Matles, UE organizational director, is among the others.

All were called before a House investigating committee studying Communist influences in labor unions last summer—but refused to answer any questions about their affiliations. Earlier, officers of CIO's right-wing International Union of Electrical Workers had testified that UE was "shot through" with communism.

• **No Protests**—UE's president Albert J. Fitzgerald protested the conviction of Emppak and Quinn as "a blow at the entire labor movement." He said the court decisions would in no way interfere with regular union business.

Fitzgerald's protest was echoed by the pro-Communist newspaper, *The Daily Worker*, in New York. The paper was already beating the drums for a mass protest if 11 top Communist leaders lose their appeal from convictions for teaching "the overthrow of the government by force and violence." It added the UE leaders to those for whom "thought control" protests should be made.

• **Hawaiian Warning**—Meanwhile, a one-time aide of Harry Bridges in the International Longshoremen's & Warehousemen's Union in Hawaii warned that Communists "play rings around the rank and file" in ILWU.

• **What's Best for Party**—Jack Kawano, who headed Hawaii's stevedores for 11 years, said that decisions "are made on the basis of what is good for the Communist party, and not what is good for the membership of the union." Kawano admits he was once a party member, but says he's no longer a Communist.

Kawano dropped out as head of Hawaiian stevedores after the 1949 dock strike. He is now a janitor, but he still claims to have a large following among dock workers—including many lower-echelon leaders in ILWU.

Kawano discussed his anti-Communist statement with these minority leaders before he made it public. Apparently assured of their support, he called on the union rank and file to reject Communist and party-line leaders—but to maintain their unity behind "true" labor-union leaders.

The threat of rebellion apparently didn't bother ILWU's island leaders much. They said CIO—which has organizers in Hawaii to raid ILWU—got Kawano to make his statement.

• **ILWU Signs New Pact**—Meanwhile, ILWU strengthened its position on Hawaiian docks by signing a new agreement with employers. It extends the present contract to June, 1952, and gives dock workers a 10¢ raise and the promise of another one.

The second pay hike, due either next July 1 or on Jan. 1, 1952, is linked to plans for a contributory pension program for dock workers.

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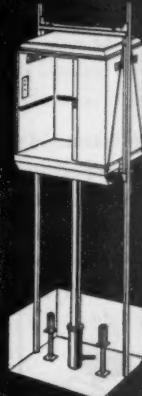
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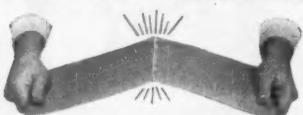
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The policies cost \$1.73 a month, less if paid by the quarter or year. If a minimum of 20,000 members sign up, the policies will pay \$50 a month. Payments will go as high as \$100 a month if 75,000 join, or if 40,000 are covered for at least two years.

• **Hungry Men**—The Oil Workers International Union (CIO) sees two big benefits in the insurance setup:

• There will be less pressure to settle a strike from hungry men on the picket lines.

• Discipline within the union will be stronger. There will be no payments unless a strike is approved in advance by 75% of the members of a local. And the strikers must conform to the union's "rules of conduct."

OWIU took a long look at the insurance situation at its 1950 convention. Union negotiators complained that hard-pressed strikers brought pressure for settlements out of line with OWIU bargaining strategy. Big insurance companies weren't interested in writing any sort of coverage to protect them from loss of income. So the union decided to set up its own insurance.

• **Partly Voluntary**—Here are some of the details, as announced by O. A. Knight, union president:

The plan is partly voluntary. Any member of the union can sign up as an individual. But he must sign up if his local votes to join as a group.

There is only one limit on how long the payments can run: No more than half the reserves behind the plan can be paid out on any one strike.

Knight claims that the insurance plan will reduce the number of strikes. He argues that employers will be less likely to "tell workers to go ahead and strike if they know the union insurance fund will pay the strikers." And he thinks the improved union discipline will make members more responsible about striking.

• **Opposite View**—Oil employers don't agree. They say that a worker will be more likely to approve a strike if he knows that he will pull down \$50 or \$100 a month while he's off the job. "Less thought" will now be given to peaceful bargaining techniques, the employers say.

A test of who is right may be a long

time coming. At the end of January, only 1,200 union members had signed up for insurance, which doesn't become fully effective till 20,000 are lined up. OWIU lays the small enrollment to the fact that announcements of the plan had just gone out; most of its 80,000 members hadn't had a chance to sign up.

LABOR BRIEFS



Foreign assignment for Miss Gladys Dickason, CIO clothing union officer, is taking her to Japan—where she will help instruct 1.5-million women workers in democratic trade-union practices. Miss Dickason will remain in Japan for four months at the request of Gen. MacArthur.

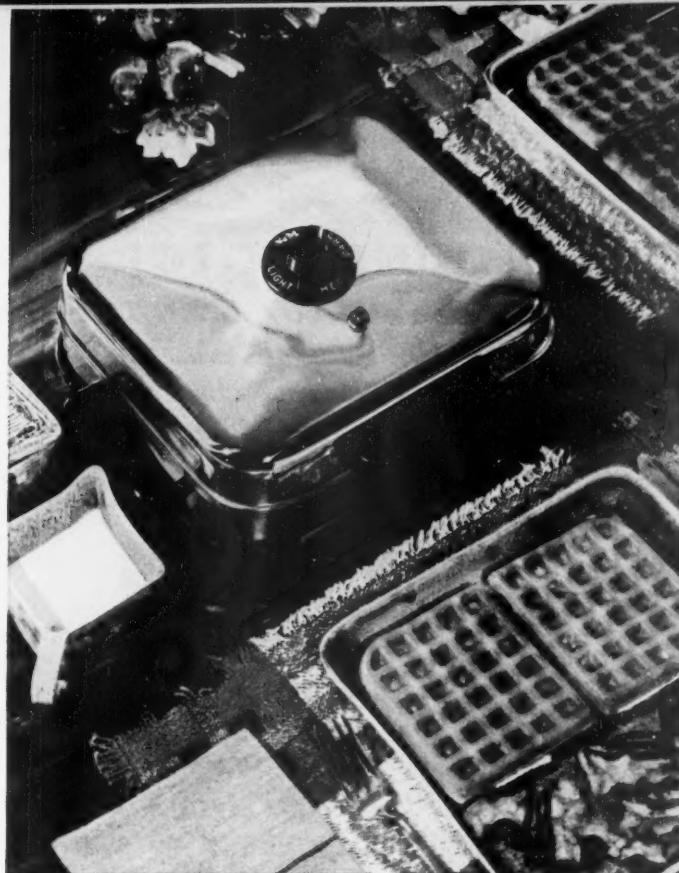
A miners' strike in northern West Virginia ended last weekend after it had failed to stop the state legislature from passing a bill to legalize use of foremen as safety inspectors in gaseous mines. The striking miners—members of UMW—wanted management men barred as inspectors.

Factory work week declined an hour—to 40.6 hours a week—in January, after climbing in the last quarter of 1950 (BW-Feb. 24 '51, p133). The drop reduced average weekly factory earnings to \$62.97.

New textile union demands for a 12% wage boost and other benefits added to labor problems of the troubled industry last week. Already on strike against 160 woolen-worsted mills, CIO's textile union set a Mar. 15 deadline for a cotton-rayon settlement. If one doesn't come, 200,000 workers may strike.

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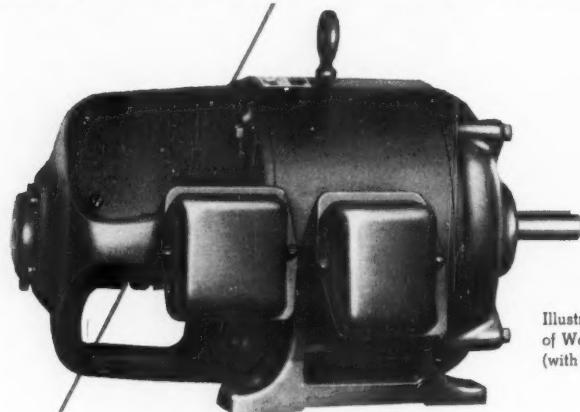
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INTERNATIONAL OUTLOOK

BUSINESS WEEK

MARCH 3, 1951



Stalin still has the world guessing about his intentions.

His interview in Pravda two weeks ago produced reactions all the way from "Russia is backing down" to "Russia is prepared to risk war to get what it wants."

Now Moscow has delivered a long-winded note to London. It says that the British, not the Russians, are to blame for the present tension.

Maybe Stalin meant this note to open the door for negotiation. But that's not the way Soviet diplomacy usually works. More likely, it was a new phase in Stalin's psychological offensive against the West.

London itself is of two minds about Stalin's game.

Some British officials seem to believe a story that has been buzzing around Europe for weeks—that Stalin is so worried by Western rearmament that he's ready to buy the West off by agreeing to free elections in a united, but demilitarized, Germany.

If that's so, why is the Kremlin talking so tough lately? Believers in the Stalin-is-worried theory say this talk is largely a smokescreen to hide coming concessions to the West from the Russian people.

Other British officials think that Moscow's new approach could be the buildup for a showdown, that Stalin's aim is to split the U. S., Britain, and France. Even so, they agree that it's time to find out by face-to-face talks just what Stalin does mean.

And the British are against starting out with a passive policy. They want the Big Three to make their own proposal for German unity.

French diplomats go a step further. They expect Moscow to offer both an Austrian peace treaty and a German settlement that the West can accept.

But the French idea of what's acceptable isn't the same as Washington's. For example, Paris would agree to making Germany a neutral zone between Russia and the West. The U. S. thinks that would give the Russians their opening to get control of the whole country.

Even Washington now believes that Stalin really wants Big Four talks.

But the State Dept. is leery about the results. What officials fear most is a Russian offer of German unity based on free elections.

State figures that such an offer would put the U. S. on a spot, even if it is a "phoney." If we turn it down, we might lose the French. If we accept, all the steam would go out of Western rearmament; even in the U. S. people would assume that things had been patched up with Russia.

State isn't tipping its hand on what the U. S. position will be at any Big Four talks. But officials admit they haven't agreed with Britain and France on how to treat the unification question.

Actually, State still is preoccupied with meshing West Germany into the Atlantic defense system—though there is no agreement within the department on what the West Germans themselves want to do.

Two high State Dept. officials returned from Germany last week. Said one: "I didn't find anything to suggest that the Germans want to join in collective defense with the West."

Said the other: "My guess is that Western Germany will agree to join the Atlantic defense army by May."

Bonn's opposition to the Schuman coal-steel pool certainly won't

INTERNATIONAL OUTLOOK (Continued)

BUSINESS WEEK

MARCH 3, 1951

make it any easier to get Big Three agreement on German policy.

Two weeks ago Washington was sure the Schuman Plan was all set to go to the various parliaments for final approval. Now the German negotiators have things completely stalled. And the French are fit to be tied.

The Germans are bitterly fighting Allied Law 27, which would cut most of the Ruhr coal mines from the Ruhr steel industry. (Law 27 is the heart of the Schuman Plan's anticartel provisions.) In effect, the Germans are demanding the right to run the Ruhr in their own way.

Bonn threatens to wreck another pet U.S. project—the European Payments Union.

Last fall, German hoarding of raw materials pushed West German imports far above exports. This forced EPU to grant a special \$120-million credit to Bonn to avoid wrecking EPU machinery. With the credit went a warning that Bonn must change its ways.

Now the EPU credit has been overdrawn. And so far there's been no change in Bonn's hoarding policy.

Switzerland is in the market for \$100-million of U.S. light tanks. The Swiss have asked for the highly maneuverable T-41's—the Walker Bulldogs. These tanks would suit operations in Swiss mountain passes.

The State Dept. has told the Swiss that we can't make any deliveries right now. But the door was left open—if Bern will agree to buy tanks via the Mutual Defense Aid Program.

To get equipment under MDAP, the Swiss would have to join the North Atlantic Treaty Organization. That's what the U.S. thinks they ought to do. Apparently, the Swiss are thinking it over.

Soviet gold bars marked with the hammer and sickle are reaching London via Warsaw. The bars are going into storage in the Bank of England.

London's financial dopesters are trying to figure the reason. To date, about \$30-million worth of gold is involved. That's probably equal to the current deficit of the Soviet bloc with the sterling area, arising from big orders of rubber, wool, cocoa, and metals.

But the Bank of England is preserving a rigid banker's silence.

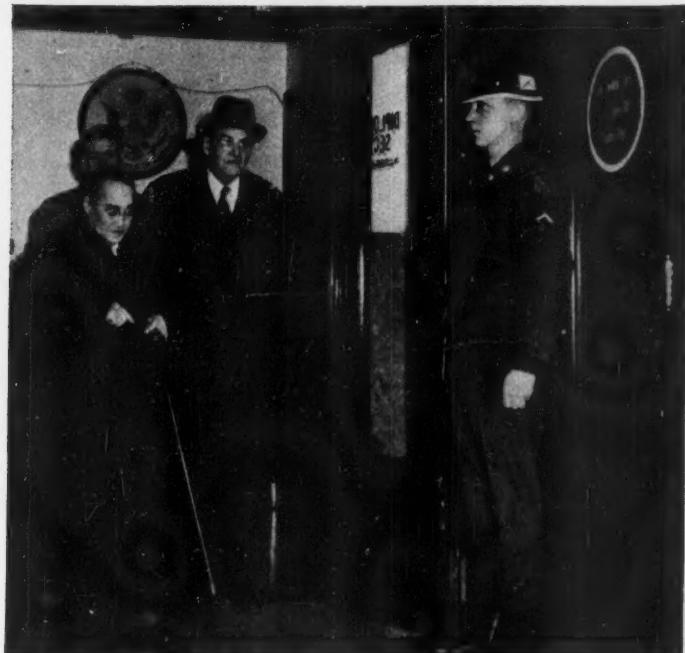
President Vargas of Brazil has some ambitious development schemes up his sleeve. There's nothing official yet, but it's reported he will:

- Push ahead with a coast-to-coast railroad, crossing Bolivia and linking Sao Paulo, Brazil, with Arica, Chile.
- Get the Bolivians to allow Brazilian oil exploration in central Bolivia. Already, Brazil is studying the possibility of a small oil refinery at Corumba, near the Bolivian border. A U.S. oil company might help out.
- Look into new Brazilian manganese deposits.

Projects like these will need plenty of U.S. equipment.

Last week in Rio, Asst. Secretary of State Edward Miller promised Brazil that the U.S. would try to help cut with the necessary capital goods. But he added that for its part, Brazil must work hard on planning the projects carefully.

BUSINESS ABROAD



TOKYO MEETINGS of Japan's Yoshida and Washington's Dulles raise the question . . .

Can the U.S. Count on Japan?

Washington will have to work hard to keep a free Japan lined up against communism. Only a favorable treaty plus large-scale economic aid will keep it from swinging toward Red China.

TOKYO—The U.S. is going to find that dealing with a sovereign Japan is a different proposition from talking down to a defeated, occupied nation.

Once Japan becomes a free agent there is a real possibility that it might: (1) align itself economically with Red China and the Asian mainland; and (2) revert to an authoritarian regime.

A peace treaty will probably be signed by late summer. The U.S. is not ignoring the possibility that developments like these might follow; they are natural roads for Japanese opportunism to take. The hope is that careful footwork can make Japan a Far Eastern bulwark against communism.

I. Peace Treaty

The Japanese spotted their opportunity right after the Korean war broke out. Long before Ambassador John Foster Dulles arrived in Tokyo to talk peace treaty, Japan began to build its

bargaining position. Political and business leaders all announced their "hopes" for peace. In a sense, these "hopes" were demands, the price Japan asks in exchange for cooperation with the U.S.

• **Hopes—or Demands**—And though Dulles told the Japanese they couldn't expect to write the treaty terms themselves, that's exactly what they hope to do. They're sure the U.S. will see it their way—and that all but a few of their "hopes" will be fulfilled.

Here's what the treaty is likely to do:

- Restore Japanese sovereignty fully.

- Cancel reparation claims against Japan. Philippine protests that they be paid in full probably will be mollified by American loans.

- Grant unlimited freedom for development and expansion of industry, including textiles.

- Remove curbs on construction and operation of ocean shipping.

- Expand Japan's fishing territories. There will be some setbacks for Japanese aspirations, though. Japan's territory will be limited to the four main islands and a smattering of small islands. And the manufacture and operation of civil aircraft will be banned.

- **The Play-Off**—Even these curbs aren't considered final by some powerful Japanese groups. They're sure that they can play the U.S. and Soviet Russia off against each other for eventual return of some of the lost lands—or perhaps some day retake them by force of arms. As for the aviation ban, Japanese consider that only temporary.

- **Additional Pacts**—Dulles puts economic, defense, and cultural relations outside the scope of the peace treaty. He anticipates that these will be covered by bilateral pacts between Japan and the various signers of the treaty.

Thus there would be treaties of commerce and navigation that would regulate economic intercourse between Japan and the signatories. Cultural interchange would be formalized. And a defense agreement would be hammered out—under which the U.S. would maintain troops in Japan to secure it from external aggression.

As for an army of its own, Japan is hedging. Prime Minister Yoshida and his Liberal Party colleagues actually want rearmament, but figure that if they oppose it the U.S. will promise to pick up the arms bill. Once the question is settled, though, an army could be built up by using the new National Police Reserves formed last summer as a nucleus. These units are by and large getting army-style training, not police work.

II. Which Road?

Washington figures that a benevolent peace treaty, restoring Japan's dignity in the family of nations, will go far toward winning Japan's permanent friendship. As a corollary, there's the optimistic belief that the Japanese makeup includes an ingrained dislike of China and Russia, and that Japan wouldn't think of dealing with either country.

• **Land of Opportunists**—But this view may not allow enough for a characteristic of many top Japanese—economic opportunism. These men are hard-headed and will calculate carefully whether Japan will gain more by lining up with the U.S. than by working with Red China and the Asian mainland. What's more, these leaders are convinced they can't lose—so great will be their bargaining power after Japan regains full sovereignty.

Experts at Gen. MacArthur's headquarters in Tokyo say Japan can get along without the China trade, that Southeast Asia can be an effective sub-

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stitute. But Japanese business wants to trade with both areas. And as far as it's concerned, the only substitute for free trade with the mainland is a continuation of U.S. economic aid—on a greatly expanded scale.

• **Squeeze Play**—Japan's asking price is somewhere around \$500-million annually. It would settle for \$200-million starting in 1952, along with guarantees of essential food supplies and raw materials delivered in Japan. But that's just a starter: Economic pressures will force a higher ante every year. The labor force will expand by 400,000 to 600,000 annually; jobs must be found and additional raw materials procured to keep these people busy.

As an alternative to U.S. support, Japan may well threaten to recognize the People's Government of China. In exchange, Japan would demand a Chinese promise of key raw materials for its industry: Kailan coal, Hainan iron ore, Manchurian soy beans, Shantung salt.

Many Japanese businessmen are convinced they must draw on China's supplies anyway. Steel executives say no one can expect the U.S. to give them priorities on iron ore and coking coal from its own sources—certainly not in quantity enough to allow steel expansion above the present 3-million tons annually. In the Far East, only Hainan has the available ore, and only Kailan the inexpensive coking coal.

One leading allied ambassador in Tokyo questions turning Japan loose at this time. Some of the other nations of the Pacific—New Zealand, Australia, the Philippines—tend to agree. They'd like to see some kind of settlement of the other Far East issues first. Like many Asian statesmen, this diplomat doubts the U.S. belief that, as Japan goes, so will Asia go. Rather, he thinks that, as China goes, so will Japan—unless countered by Western control.

III. Backsliding at Home

There's danger inside Japan, too. Occupation-imposed democracy may be watered down, even done away with in the new Japan. That poses the problem of social unrest.

• **Not So Democratic**—A few weeks ago, Japan's government party—the Liberals—asked business leaders what changes they'd like to see in MacArthur's reform program. Party spokesmen stated that, according to Ambassador Dulles, the peace treaty wouldn't force the Japanese to continue the reforms.

Industry asked for the end of the purge of the militarists—already petering out, thanks to a depurging program started last fall. Further, business wanted a repeal of the new labor laws, setting up standards for Japan's workers. Abolition of the antimonopoly

laws and a revision of the land reform program were also on the list.

All these requests were justified on the ground that Japan could only become self-supporting and strong by (1) restoring the advantages of a noncompetitive economic system; and (2) eliminating the disadvantages of popular voice in the government. These business groups feel Japan can't block Communist inroads within Japan and become a power in the Orient without a cartel-controlled industrial plant and a subservient labor and farm population.

• **It's a Guessing Game**—However, if democratic traditions are as deeply rooted in postwar Japan as Gen. MacArthur claims, there's the possibility of a popular revolt against any such revival of the totalitarian system. Many observers think the Japanese people would put up with renewed regimentation temporarily. But soon there would be a drop in living standards. Then labor and peasant groups would begin agitating against the conservative coalition of right-wing politicians and business interests. Police action would be necessary. Gradually, economic conditions—aggravated by increasing population—would worsen, leading to unrest and perhaps open rebellion.

Top men in Japan are partially aware of these dangers. Whenever they discuss Japan's joining the democratic camp, they state that the first condition must be large-scale economic aid. In effect, they put a price on Japanese democracy.

Canada Gets Set To Count Noses

Canadians are getting set for the ninth population census in their country's history. When it starts early in June, the emphasis will be placed on getting answers to questions that businessmen—in the U.S. as well as in Canada—have long asked about Canada's population.

The count should be a statistical bonanza for marketing men. It will measure the big movement of Canadians from rural areas to cities over the past 10 years, the expansion of the urban areas, the effect of Canada's increased immigration. There'll be a census of the blind and deaf, a series of questions on housing, agriculture, livestock, greenhouses, and the first count ever taken of commercial fishermen.

Every fifth house will be studied—from the details of its structure to the number and kind of electrical appliances it contains. Each city will be split up into statistical units of 5,000 persons—and pored over from the point of view of occupations, ages, earnings, living conditions, and buying habits.



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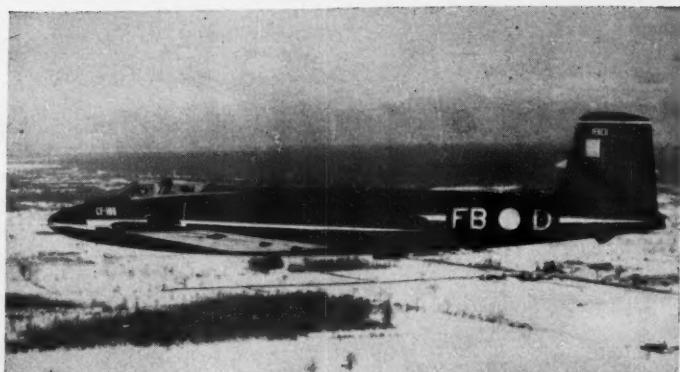
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CANADIAN jet fighter, the Canuck, may soon be used by U. S. Air Force along with . . .



BRITISH Canberra jet attack bomber which will probably be built in the U.S.

Where the West Buys Arms

Weapons developed by other Atlantic Pact nations may be built in U.S. and Canada for U.S. use. European members will buy from U.S. and from each other using dollars in payment.

The U.S. has about decided to use weapons developed and produced by our allies in the North Atlantic Treaty Organization. That doesn't mean that there will be a flood of U.S. defense contracts to producers across the Atlantic. Just the opposite. Before foreign weapons become general issue for U.S. forces, they will be adapted to U.S. specifications and licensed for production here or in Canada, not in Europe.

• **Bomber From Britain**—For example, the U.S. will probably take on Britain's Canberra (picture)—a jet attack bomber—for its own use. If the Air

Force gives its O.K. for this plane, most of the production for the U.S. will be here, probably by Glenn L. Martin Co.

The Army has been testing a foreign-developed, grenade-firing, antitank rifle at Aberdeen Proving Grounds—and likes it. The chances are that it will be equipped with U.S. explosive charges, then become general issue for light infantry units. Again, primary production will be in the U.S.

European knowhow will be used in another way. Many foreign improvements will be incorporated into U.S. production models. It's the quickest

way to get a new idea on the firing line.

- **Not According to Plan**—This isn't exactly how things were originally planned in the North Atlantic Treaty Organization. Under NATO, new weapons were to be screened and the most promising ones picked as "standard" for all forces. Production would be in the country best able to do the job. This might or might not be the country that developed the weapon.

In theory this is supposed to apply to all 12 NATO members, including the U.S. and Canada. Thus the U.S. would have to be willing to depend, in some cases, on European production for its NATO arms.

Things aren't working out that way for a very simple reason. U.S. military strategists refuse to let U.S. forces become dependent on defense industries beyond the North American continent. They ask, "What happens to our supply sources if Russia overruns Europe and Britain, or flattens them with strategic bombing?"

Washington is finding that the Western European members of NATO feel much the same way the Pentagon does about relying on foreign sources of arms. France's Defense Minister Jules Moch recently said, "It is necessary [for France] to avoid being dependent on any other powers."

- **Chance to Earn Dollars**—Nonetheless, the U.S. expects the other NATO powers to follow the "most efficient producers" principle. And, in the end, Western Europe probably will agree to go along. Under the Mutual Defense Aid Program, the U.S. will be paying out billions of dollars for weapons manufactured in Europe. This will be to finance British orders for French weapons, French orders for Belgian weapons, and the like. Thus NATO members will be able to earn dollars by supplying their neighbors. Also, MDAP arms going to other parts of the world, such as Southeast Asia and Greece, will be bought abroad as well as in the U.S.

Actually, European producers won't come off so badly under the U.S. plan. They'll earn plenty of dollars under MDAP, and with no strings attached. If they tried to earn dollars appropriated for U.S. defense, they would be in for plenty of headaches. The depression-born "Buy American Act" requires that "articles, materials, and supplies" for public use within the U.S. or its possessions must be of domestic origin." Exceptions are allowed when it's "in the public interest." But, the Pentagon figures, in the case of buying arms from abroad, that might be hard to prove before a committee of Congress.

Moreover, the military prides itself on its rigid inspection, and in most cases a defense contractor must guar-

antee his product. It would be impractical to enforce this on a producer, say, in Italy.

- **Canada the Exception**—Canada is the one exception to U.S. hesitancy to buying its arms abroad. A year ago the U.S. and Canada signed a \$25-million-a-year reciprocal military trade program. This is now 10 times its original size and still growing. Several new contracts are soon to be let to the Canadian Commercial Corp., the wholly owned government subsidiary acting as prime contractor for all Canada's munitions exports. Through CCC, the Canadian government guarantees all "commitments, obligations, or covenants"—for instance, repayment due under renegotiation, and quality of the product.

Canada is currently producing the U.S. Navy's twin 3-in. 50 automatic rifle, aircraft parts, the F-86 Sabre, and electronic components. Also, there's a good chance the Air Force may buy some of Canada's CF-100 Canuck fighter planes (picture, page 136).

Administrative cooperation—priorities, allocations, and the like—is virtually complete, at least on paper. Strategically speaking, Canada is already part of the U.S. Further integration of mobilization plans is about to take place.

During World War II Canada produced \$11-billion (1946 Canadian dollars) worth of munitions—70% of it for other countries. With that production base to build on, Canada's new program is expected to grow rapidly.

- **Two Producing Areas**—The present U.S.-Canadian cooperation is the sort of thing the planners visualized for all of NATO. Now, however, North America and Europe are developing into two more or less separate areas of munitions interdependence. Western Europe is to be made as self-sufficient as possible weapon-wise. The Canada-U.S. block is to fill in the gaps.

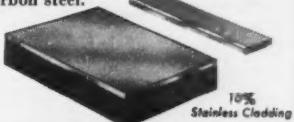
For instance, a NATO committee has decided that Europe is capable of producing all the trucks— $\frac{1}{2}$ -ton jeeps to 3-ton 6X6's—it will need. That would include light tanks and other smaller mobile weapons. But, it's a different story for volume production of something like a 55-ton tank. The U.S., with an assist from Britain, will get that job.

Europe is also capable of producing all her own accessories and spare parts. Eventually, the U.S. may merely ship the basic "hulk" of a tank to Europe. Final assembly would be in a European plant with locally produced components.

For the time being, though, most U.S. arms exports to Europe will consist of items finished and ready for combat. The real need now is to build up Eisenhower's forces quickly.

- **Standardization Problem**—A major headache facing NATO planners is the

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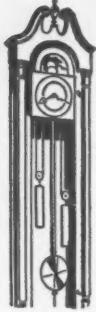
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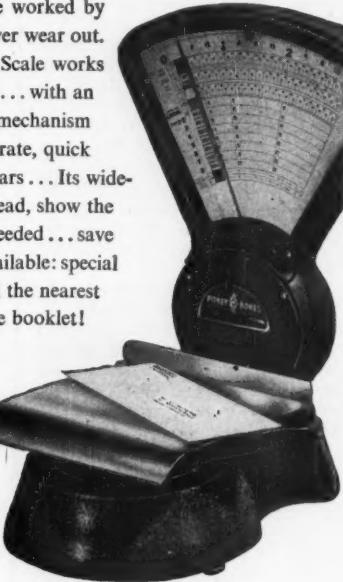
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fact that different guns, though used for the same purpose, often fire different size bullets. Truck tire sizes don't match up; oil and lubricant grades aren't universal; spark plugs are different.

The answer is standardization. But agreement was only recently reached on a single standard for screw threads, and the agreement is a long way from being implemented. A single arms standard for all Western Forces is still a long, long way off.

Total standardization of all NATO is the ultimate objective. In the interest of speeding mobilization it's now being allowed to go in two different directions. Canadian forces are being equipped with "American standard" equipment. Continental Europe's forces are being aligned with Britain's.

NATO's immediate objective under the standardization program is to see to it that all 75-mm. guns, all infantry rifles, all aircraft, etc., of the NATO forces fire not only the same caliber, but the same shape ammunition. Complete interchangeability is the goal.

• Components, Too—A parallel program is the standardization of all components and "fast-moving" spare parts. These include such things as tires and tubes, spark plugs, radio tubes, condensers, and fuels, oils, and lubricants. At the same time, the standardizers are trying to get supply markings the same as to size and grade so everyone will know what the markings mean.

This way, even though the French weapon and its American counterpart might be of different design, they would both take the same "expended" spare part.

India Resumes Trade With Pakistan

India and Pakistan have buried the hatchet—at least over economic affairs. A new agreement signed this week in Karachi brings to an end a 17-month-long trade war that has hurt both countries badly (*BW*—Feb. 24'51, p141).

Also there's hope—though slim—that settling India-Pakistan economic troubles will ease their bitter political differences over Kashmir.

• Jute and Cotton—India will get 3.5-million bales of badly needed jute under the pact, which runs until June, 1952. Jute-milling, India's top dollar earner, has been under a serious squeeze since supplies from Pakistan were halted. Besides jute, Pakistan will also send raw cotton, for India's important textile mills.

Pakistan has food, too. India will get 250,000 tons of wheat and rice through 1951, and more next year if crops hold

up. But Pakistan's tonnage will only be a drop in the bucket as far as India's desperate food plight is concerned: Right now, Indians must have 2-million tons from the U.S. if they're to avert a famine.

Coal and Steel—The Pakistani stand to benefit, too. They've been hard up for coal; now India will supply 2.1-million tons through June, 1952. In addition, India will ship steel, iron, cement, textiles, and timber.

The trade war began in September, 1948, when all sterling area nations except Pakistan devalued their currencies. Until this week, India has refused to do business with Pakistan unless it devalued its currency in line with the Indian rupee. Now, thanks to the worldwide scramble for raw materials, India figures it has no choice but to pay Pakistan's price.

BUSINESS ABROAD BRIEFS

The last dollar of Australia's \$100-million World Bank loan (BW-Jul. 29 '50, p80) will be spent within a few weeks. Biggest part of it—\$38-million—has gone for farm and heavy construction machinery, the rest for railroad, mining, electrical, and industrial equipment.

A \$12-million oil refinery will be built at Durban, South Africa, by Standard-Vacuum Oil Co. Stanvac hopes to begin work early next year, produce gasoline and fuel oils for the South African market by late 1953. Proposed capacity: 10,000 bbl. daily.

Another new petro-chemical plant is in the works for Canada. British American Oil Co. will join Shawinigan Chemicals, Ltd., to form a new company, build a plant near Montreal.

Belgium's cotton textile industry will get a going-over from a U.S. management consulting firm—Wallace Clark & Co., New York. ECA and the Belgian government will pay the bill.

Behr-Manning Corp.—abrasives manufacturer—is selling abroad on its own through a new subsidiary, Behr-Manning Overseas Corp. That ends Durex Abrasives Co., an export company jointly operated by Behr-Manning, Carborundum Co., and Minnesota Mining & Mfg. Co. (BW-Feb. 17 '51, p146).

International banking—The Republic of Liberia has received a \$5-million credit from Export-Import Bank for road construction. . . . A World Bank mission is off to Iraq to help frame a long-range economic development plant.

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Thunderheads Around the Labor Horizon

Labor picked its issue and struck. The issue was the Feb. 16 decision of the majority members of the Wage Stabilization Board setting a 10% ceiling on wage gains since January, 1950. The strike, however, went deeper than any single issue. It was in reality, against the Administration that had denied organized labor what it thought was its rightful role in the management of the defense effort.

The thunderheads of this storm have been gathering around the labor horizon for some time. Last fall Walter Reuther of UAW-CIO and other union chiefs complained that labor was being left out of the decision-making in the defense effort. Compared with World War II when labor—especially the CIO—rode high under the auspices of the Roosevelt-Hillman entente, this time the going has been fairly rough. Harry Truman has never gone along with labor leaders the way FDR did. Since the labor fiasco at the polls last Nov. 7, his attitude apparently has not improved.

Now that the "revolt" is settling down, it is worth examining at least two basic issues involved.

The first relates to labor's proper role in the mobilization. There can be no question that able, experienced men from labor have an indispensable contribution to make. They have expert knowledge in key areas of the whole operation, such as manpower and consumer problems. They should be utilized at all levels right up to the Clay-Weinberg level under Wilson. Arrangements have finally been made to do that.

But if the long-run intent of the United Labor Policy Committee's drive is to install labor (and this applies to any other economic group as well) as a full management partner with Charles E. Wilson, that's a horse of another color. That smacks of Walter Reuther's ideas of equal status for labor in industrial management.

The mobilization job is mainly one of reorganizing and expanding our production. Wilson was selected by the President to head up the job because he is a top-flight production man, not because he was a leading businessman or because he represents business. In our opinion, he qualifies admirably for the post he occupies. Labor, and every other group in the economy, should help him—not try to oust him or seek to nibble away at the authority he must have to do his job. Wilson, in turn, will benefit from his policy of installing labor and other experts throughout his organization.

The second basic issue growing out of the revolt concerns the way organized labor acted. It has not gone down well with the country because labor applied the strike technique against the government's stabilization program. Labor's men struck at a vulnerable point when they walked off the WSB. Without a board functioning on a tripartite basis, wage stabilization becomes a shambles. And that throws the whole price control program into the ashcan.

To be sure, there was a failure somewhere along the line that seemed to make this revolt inevitable. There was blundering on both sides in not working out labor's proper part in the defense effort. The atmosphere has been tense, too, because labor leaders are in a tougher spot with respect to their membership than they were when we started rearming 10 years ago. Then, with great expansion possible in employment and production, union chiefs were able to guide their members to a higher standard of living in spite of the war. Now there's no slack to provide the same happy outcome. The result is a greater pressure than ever on union leadership.

But these facts aside, it is still true that organized labor accepted membership on the wage board. When it did so, it accepted an obligation to try to make the board work. Neither labor, nor any other group, can tear up the rule book whenever there is trouble. If that happens, the whole defense effort will go out of control. We will win neither the battle of production nor the fight against inflation. To avert this outcome will require courageous and wise leadership—from the President, from Wilson, and from the chieftains of the powerful economic blocs that command the loyalty and support of so many millions of Americans.

Three for the Money

There is a melancholy pleasure in two news items that deal with big fortunes accumulated within the bounds of legality. The first is the story of the mathematics professor in Illinois who amassed a million dollars on a salary that never exceeded \$6,000 a year. The second is the will of Hetty Green's daughter, Sylvia Green Wilks. After she and her brother had spent their lives guarding and nourishing the financier's fortune, her last testament split it a hundred and forty ways.

Both Prof. Miller and Hetty Green began collecting money in the days when interest rates were high and neither income nor inheritance tax took its toll. His way was the quiet one. He had a mathematician's curiosity about money's power to grow, an orderly saving pattern, a skill in picking investments, a will to put them away to keep. He harnessed the almost forgotten magic of compound interest by plowing back his investment earnings. Mrs. Green's was the ruthless trader's life in a then untamed stock exchange. She made a hundred million to his one, yet his seems the more remarkable achievement.

Both fortunes now go to worthy institutions. Other hands will take up the accumulating process in other ways. As for us, we would like to be present when the shades of Prof. George A. Miller, Hetty Green, and Sylvia Green Wilks sit down to talk about what the modern income and inheritance taxes do to private saving.



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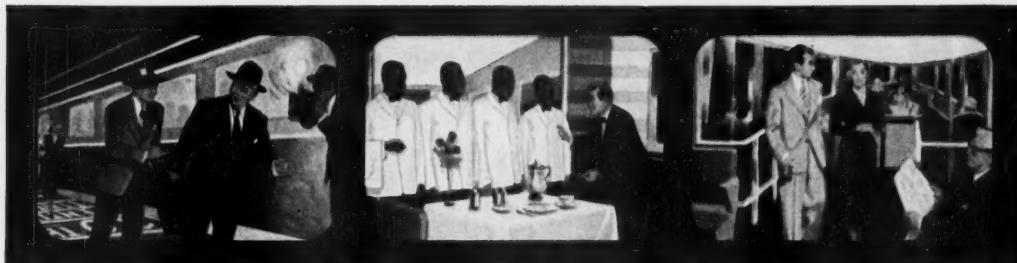


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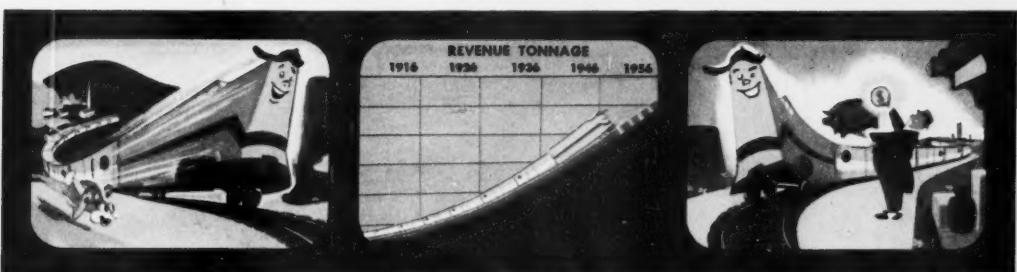


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